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THE
ROUND TABLE
A Quarterly Review of
BRITISH
COMMONWEALTH
AFFAIRS

Contents of Number 159

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GERMANY IN EUROPE

KASHMIR AND JAMMU

ONE RHODESIA OR TWO?

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THE ROUND TABLE

A QUARTERLY REVIEW OF
BRITISH COMMONWEALTH AFFAIRS

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CHALLENGE TO THE WEST

A THREATENED CULTURE AND ITS DEFENCE

“THE century in which we live is the first for over two thousand years to see a considered challenge flung down to the essence of our civilization. Totalitarianism has arisen up against Western Europe, and against all those lands across the seas whose culture is derived therefrom.” These words, taken from this year’s presidential address to the Classical Association by Mr. Hugh Last, Principal of Brasenose College, Oxford, by no means overestimate either the gravity or the historical uniqueness of the situation in which the world finds itself as the twentieth century approaches its mid point. There is much in the various narrative contributions to the present issue of *THE ROUND TABLE*, and more in events that have occurred too recently to be covered by them, which indicates that the West has gained a clearer understanding of its predicament. Some of the measures which have been adopted in self-defence are more excellent in motive than they are likely to be effective in action. The legislative campaign of Mr. Menzies against the Communist party was required by his election pledges and is fully justified by the sinister record of the organization he is proposing to outlaw; but whether he can make foreign-inspired intriguers into patriotic Australians by act of Parliament will be doubted by his friends on the other side of the globe who are accustomed to grappling with the same slippery monster, and have generally come to the conclusion that the enemy is more dangerous in the dark than in the light. Senator McCarthy’s passionate heresy hunt among the public services of the United States seems, as described by our American correspondent, to be much more embarrassing to the accredited defenders of the established order than to the plotters he purports to smell out. The United Kingdom is thought by many continental observers to be dangerously apathetic towards the general menace; but at least the crushing defeat in the February general election, not only of all the Communist candidates but of the five members of the late Parliament who had fallen foul of the Labour party by persistent advocacy of a russophil foreign policy, seems to show that the electorate is fully aware of what is the fundamental issue of the age.

The visit of Mr. Acheson to Europe, for conversations which are in progress as these lines are written, may well turn out to mark an epoch in the process of rallying the dissipated forces of the West. His arrival coincided with the announcement of two events of the greatest importance. On the one hand, the Western German Government of Dr. Adenauer, subordinating national pride to a larger ideal, accepted membership in the Council of Europe notwithstanding the temporary inferiority of status which the care of Germany’s recent enemies and victims for their own security compelled them to impose. On the other hand, M. Schuman, showing that French statesmanship can be loftier and more generous than its carping critics are often willing to admit, propounded his broad plan for bringing the heavy

industry of France and Germany under a joint authority, and so opened the prospect of the first really substantial step towards European unity by way of the functional approach which for so many practical politicians has seemed more promising than that of academic constitution-making. Neither of these impressive movements towards European solidarity is directly related to the Atlantic Pact or any other strategic plan; and the early speeches of the Secretary of State himself show the sympathy of America for the quest of European unity as an end to be desired for its own sake as well as for its value as a foundation of military defence. Nevertheless, as an inspiration of loyalty, the cause of European unity still falls far short of the driving power of the missionary creed to which it is opposed.

Communism in Asia

THE slow advance towards the concentration of the power of Western civilization in Europe may, and it is to be hoped will, prove solid; but it is not to be compared for dramatic quality with the spectacular sweep of the Communist tide over Asia. With the total collapse of the Kuomintang, while France, Britain and the Netherlands all wage an uphill fight to maintain the ramparts in the south-east corner of the continent, no part of Asia now opposes an unbroken front to the red onslaught except those great states which have during the last two centuries acknowledged the suzerainty of the British Empire. By this contrast in stability between the post-war régimes of the south and the north the work of generations of imperialists stands justified. British empire builders, not only where their own flag flew in Asia but over a greater area in which their influence was exerted, gave the Eastern peoples peace—and law, which is the social elaboration of peace. They did not, however, attempt to give more; it was not their aim, as it had been the aim of the Roman and Spanish empires before them, to supplant the indigenous civilization by a civilization of their own. Consequently, when and where the Japanese eruption showed that it was no longer able to guarantee the peace of the continent, European leadership in Asia was judged to have failed. There was nothing other than the power to maintain peace to which the Asiatic nations saw any reason to cling. To remedy the weaknesses that the war had revealed, Europe and her associate continent of America set up the United Nations; but it was in fact the United Nations that confirmed the expulsion of Europe from Asia. When the test came in China, where it was European influence in its American dress that was on trial, the issue was no doubt determined not by the positive appeal of Communism but by the total failure of the alternative. Yet it would be dangerous to doubt that Communism as a creed, or at any rate as a system, does hold positive attractions for the Asiatic mind.

These attractions, for the majority of those who feel them, are not created by the abstract dialectic of the works of Marx and Lenin. They rest on very concrete foundations. In the first place Communism appeals because it is new. If the traditional European conception of the unchanging East was ever true, it is certainly not true to-day. The war, with its immense stimulus to the rising spirit of nationalism, has broken the moulds of Asiatic thought,

and new things are sought after for their own sake as deliberately as they were in Athens in the time of St. Paul. The appeal of novelty is reinforced by the stronger appeal of success. The victories of the Russian armies over the Germans created an enormous impression in the East—far greater than the victories of the British and Americans, for the Russians did not fight in Asia and therefore were never seen to fail. The immense prestige of victory adds to the pressure of the Communist atmosphere which is filling the vacuum left by the rapid disintegration of European imperialism in Asia. This imperialism solved a multitude of problems, problems endemic in the continent, of which Asiatics themselves were conscious and for which they saw no other solution. But Communism has offered an alternative answer to the same problems, and one that purports to solve them on a basis of race equality, the lack of which has always been the principal grievance against European rule. Whether this equality of races actually exists in the Russian empire as well as in its propagandist literature is an enquiry that the new proselytes have not yet had the opportunity to undertake; and it is certain that in any case the other servitudes of a totalitarian system are more than enough to outweigh this supposed new liberty—at any rate in the scales to which Western Europeans are accustomed. But the promise, however illusory, of release from the grievance that already rankles gives a missionary force to the new creed which causes a universal blindness to its concomitant oppressions.

The Western Vacuum

IN opposing the insurgent fervour of Communism throughout the world the West is still constantly hampered by its own lack of self-assurance. To the political vacuum which has opened in Asia through the imperial withdrawal corresponds an intellectual vacuum inherited by Western thought itself. Only now are we beginning to realize the full implications of the strain of nihilism in the philosophy of the eighteenth and nineteenth centuries. Those ages, believing that they had emancipated themselves from any need for the transcendental affirmations of the elder Christendom, succeeded no doubt in generating a variety of intellectual systems by which men of intellectual pretensions could live; but they left to the mass of humanity nothing but the unproved dogma of inevitable progress to take the place of a philosophy of life. Not only have the cataclysms of the twentieth century shattered the belief of the western masses in this doctrine; those same cataclysms have been hailed by Communists as the verification of their own theory, and such driving power as still belongs to the idea of progress has been enlisted on the totalitarian side.

Thus the strategic weakness of the West is that the initiative has passed to the enemy, and the attempt to array its own ideas in opposition is apt to appear narrowly defensive. The Principal of Brasenose, in the address already quoted, naturally seeks to state the essence of the Western philosophy in terms of the classical tradition.

Man [he says] by virtue of his possession of reason, is the highest form of existence known to us . . . and the only good that we can treat as an end in itself

is a good state of rational consciousness. . . . It is the intrinsic value of human beings which makes it possible to speak of human rights, and which justifies the Universal Declaration of Human Rights proclaimed by the General Assembly of the United Nations on December 10, 1948, in saying that "all human beings are born free and equal in dignity and rights. They are endowed with reason and consciousness and should act towards one another in a spirit of brotherhood."

Unfortunately this Greek idea of the justification of liberty, when used as a weapon, has already glanced off the Communist armour. In a remarkable contribution to the April number of *Foreign Affairs* Mr. Isaiah Berlin shows why. In the twentieth century, he says, it was for the first time

asserted that the way to answer questions, particularly those recurrent issues which had perplexed and often tormented original and honest minds in every generation, was not by employing the tools of reason, still less those of the more mysterious capacities called "insight" and "intuition", but by obliterating the questions themselves. . . . It consists in so treating the questioner that problems which appeared at once overwhelmingly important and utterly insoluble vanished from the questioner's consciousness like evil dreams and troubled him no more. . . . The worried questioner of political institutions is thereby relieved of his burden and freed to pursue socially useful tasks, unhampered by disturbing and distracting reflections which have been eliminated by the eradication of their cause.

In fact the deadly threat of totalitarianism is its apparent success in transforming human nature. It makes a new kind of man, one who has been born again, and has become spiritually invulnerable to ideas outside his faith.

The civilization of Western Europe itself also once rested on the belief that men can be born anew. To attempt to meet the Marxian dogmas on the basis of Mr. Last's Hellenic theory that the rights of man are inherent in his possession of a rational consciousness is to attempt to confute a religion with a philosophy; and that is an attempt which in history has repeatedly failed. Hellenism itself is indeed an element of surpassing value in the European civilization we have to defend. But in its pure form it did not conquer the races of the West, and it is very unlikely that it ever would have done so. Nor, indeed, did rational philosophy alone ever engender even within the frontiers of the antique civilization the idea of the inalienable right to personal liberty. That came only when the conception of man as a rational consciousness was elevated and transformed by the conception of man as an immortal soul. Until in some way the offensive spiritual armament of religion is added to the defensive armament of a political philosophy it is unlikely that the West will be able to confront the Communist world on equal terms.

Meanwhile the day-to-day conflict continues; and so far as can be seen it will continue for an indefinite time. We have to recognize that it is likely to determine the world climate not only for ourselves but for our children and our grandchildren. Expressions like "the cold war" or "the war of nerves" may easily tempt us to deceive ourselves. We tend to think of this so-called cold war as something of the same nature as a war of bullets or hydrogen bombs—a definite campaign which will issue some day in victory for one side or the other, and will settle the dispute between them. It is unlikely that

even the shooting war, by which it is only too possible that the cold war may be interrupted, will settle the dispute. The cold war is not capable of yielding a victory in any sense corresponding to the military metaphors it tempts us to use. Once before in European history there has been a similar situation and a similar mistake. For a century and more after Luther and Calvin it was the normal assumption that the forces of the Reformation and the Counter-Reformation were engaged in a war of extermination, of which the prize was the total mastery of the European mind. The idea that Catholicism and Protestantism were both destined to permanent survival was born only of the exhaustion of the contestants. Some of the strategists of the cold war seem now to be courting the frustration that befell their ancestors.

GERMANY IN EUROPE

POLITICS AND STRATEGY OF WESTERN DEFENCE

THIS spring Dr. Adenauer, the Chancellor of the German Federal Republic, to give Western Germany its official title, made a proposal to reverse the current of history as it has flowed over the last eleven hundred years. By the Partition of Verdun in the year 843 Charlemagne's grandchildren divided his realm into three parts and so opened the way to the future rivalry between France and Germany. Dr. Adenauer proposed to heal the breach of centuries by creating a Franco-German Union. The suggestion had not been thought out in any detail and tactical considerations played a part in its timing. Dr. Adenauer presumably wanted to efface the bad impression made by the violence of German outbursts against the new Saar Statute.

Apart from General de Gaulle, who gave the idea a cautious blessing, French reaction was cool. In 1940 France had rejected the blandishments of Mr. Churchill, although Britain had been her ally in two great wars. She was not likely to lend a ready ear to the new suitor from across the Rhine, whose country was associated in her mind more with rape than with offers of marriage. She was tempted to see in the proposal a scheme for reviving German hegemony in Western Europe. Yet there was a sound intention behind both this idea and Dr. Adenauer's later demand for German representation in a West European Parliament. He put them forward as a means of increasing protection against the menace of Russia.

Two years ago the French writer, Raymond Aron, declared that, thanks to her total defeat, Germany would for many years be nothing more than an "object of history". It is already clear that this verdict underestimated German powers of recovery and the importance which developments inside Germany would have for the future of Europe. The problem of Germany cannot, however, be limited to its European setting. In both the last wars the European countries she attacked had to mobilize all their overseas resources and were able to overcome her only with the added assistance of the United States.

In 1945 Germany was prostrate. She had no Government of her own, her cities and factories lay in ruins, her people were disillusioned, apathetic and on the borders of starvation. Her territory was reduced by large annexations in the east and the rump Germany was divided among four different Occupants. To-day, five years later, her position has considerably improved. She has, of course, very little chance of ever recapturing her previous status as a world Power. The concentration of strength in the United States and Russia since the war is too great for any third nation to equal them. Before the war, when Germany grew four-fifths of her own food, she could take a gamble on her own initiative. Now the loss of Silesia and the Saar has reduced her industrial potential by a quarter, and the severance of the provinces east of the Oder and the Neisse has deprived her of her granary. The territory

remaining to her is divided into two parts with hardly any prospect, as far as we can see, of their being reunited. But, even if we exclude the Russian Zone, Western Germany by itself has the makings of an influential nation.

Including some 10 million refugees from the east, the German Federal Republic numbers about 50 million inhabitants, a population larger than that of France and about equal to that of Britain. It has in its midst the vast industrial complex of the Ruhr, which at one time before the war produced more steel than the United States and has already reached the level of output permitted by the Allies. The Germans are a highly gifted, hard-working people with a great talent for organization once given a leader. Western Germany has a Government of its own again, which, it is true, is limited in its sovereignty by the Occupation Statute and the International Ruhr Authority. Freed of these shackles, it could, however, become the leading land power in Europe outside the "Iron Curtain".

Germany owes her resurrection to her key position, to the knowledge both in Russia and in the West that whichever side gains her final allegiance will have the preponderance not only in Europe but, in the long run, throughout the world. It would have been much better if Germany could have been prevented from appearing in the limelight so quickly after the war. But, as soon as it became clear that no basis of agreement between Russia and the West existed, rivalry over Germany was certain to grow acute. The pace at which concessions are made to Germany is in direct proportion to the fear of another war.

The Question of German Rearmament

THE idea of rearming Western Germany has been in the air for some time now. In one form or another it has been mooted by no less than Mr. Churchill, M. Paul Reynaud and Field-Marshal Montgomery. In two recent parliamentary debates Mr. Churchill made it a challenging theme. Few doubt that, at the present moment, Russia could, if she wanted, overrun Western Germany and that not long would elapse before her army appeared at the Channel ports. The dividing line from Lübeck to Trieste is defended only by Western garrison troops. The mainstay of Western Union on land should be the French Army, but it will take years to make it into a powerful modern force; and part of it is engaged overseas in Indo-China. American aircraft operating from Britain, even equipped with atom bombs, would probably not be able to stem the Russian advance. If the Continent were overrun, the difficulty of reconquering it would be at least as great as in the last war and the havoc wrought in the meantime beyond repair. It is argued therefore that something must be done to fill the gap in our line and that the only solution is for Western Germany to contribute to her own and our defence. Add 50 million Germans to 42 million Frenchmen and you can produce a force which would deter even the most trigger-happy member of the Politbureau.

Another argument in favour of German rearmament is that it would help to consolidate the new West German State. The Germans in the West realize their defencelessness—indeed, Dr. Adenauer has been constantly emphasizing it in his campaign to recover equal rights for Germany. At the

same time the Russians are organizing a German army, the People's Police, in their Zone. The purpose of this army, the Germans assume, is to act as a spearhead in reuniting Germany under the Communist banner. Unless and until the West Germans have faith in their own security, they will always be plagued by *arrière-pensées* about keeping on the right side of Russia. They will be unreliable and this unreliability will only play into the Communists' hands. The further argument that Western Germany is unduly favoured as a trade competitor through not having to pay for an army tends to overlook the occupation costs, which are estimated this year to swallow up more than a fifth of the Federal and *Länder* revenues.

Those who accept the need for rearming Western Germany differ about the method. Some would like to see the creation of a new German army with anything from six to twenty-five divisions. Presumably the process of demilitarization and dismantling would have to be reversed and the Ruhr become an arsenal again. A less radical solution would be for Germany to provide a contingent which would either form part of an integrated Western army or, as long as that does not exist, come under the direct orders of the International General Staff at Fontainebleau.

The Enigma of Russian Intentions

THE validity of the case for rearming Germany depends first of all on the likelihood of a Russian attack. Even without this addition to our strength, there are powerful deterrents to Russian action. The man who draws the sword cannot sheathe it whenever he chooses. The United States and Canada, in fact all the free world overseas, could not afford to make peace with a Russia in possession of the whole European Continent. A war to-day would mean an epoch of destruction and misery from which Russia would not be exempt. All the Russian plans to raise the standard of living in her own and other Communist countries would be upset. The Kremlin could not this time present the war to her people as a sacred struggle to free their native soil. It would mean starting on a very costly adventure with no certainty of its outcome.

This reasoning may be cold comfort to those who, like the West Germans, are fully aware both of their own weakness and of Soviet brutality. But hitherto Russian behaviour has been in a line with it. When Russia blockaded Berlin two years ago it would have been even easier for her to occupy the city and invade Western Germany than now. Yet the knowledge that the Western Powers were prepared to take up the challenge made her pause and abandon the escapade, once she was convinced that it could not be carried out successfully by peaceful means. Since then her authority has been challenged in a way far more dangerous to her by Marshal Tito. The mere existence of Tito is now a constant reminder to her that the Communist sphere contains seeds of its own disruption. Yet, although Tito has no guarantee from the Western Powers, Russian efforts to crush him have so far been confined to bluster and to economic sanctions.

The present Communist doctrine also points against the theory of Russian aggression. The Russians proclaim that the coexistence of "socialist" and

"capitalist" States is possible. This does not mean that they have renounced the goal of world revolution, but they believe that capitalism is bound to fall under the weight of its own contradictions. The American slump is delayed, but they are convinced that it will come. With the course of history, as they see it, predetermined in their favour, the Russians have no motive to undertake great risks. On the other hand, at no danger to themselves, with the aid of propaganda and of sabotage by the Communist parties which constitute their Fifth Columns in the West, they hope to accelerate the march of fate. The disturbing element for them is their belief that capitalism in its death-throes may make a wild effort to strangle its pre-ordained successor. Therefore they must be on the alert to defend themselves against a possible attack more violent even than that of Nazi Germany.

But what if capitalism obstinately refuses to die? What if the now discredited Professor Varga is proved right and it assumes new forms which prolong its life indefinitely? What if the Western world grows steadily stronger instead of collapsing? Stalin, as long as he has the power, may perhaps be counted on to resist the temptation to start a preventive war; but, if a young and active successor becomes the tyrant of Russia, commanding a new generation which recalls only the triumphs of the last war, could he be relied on to show the same self-restraint? If the prey looked easy, if internal stresses drove him to seek the unifying effect of war, might he not be tempted and fall? Even without that, the strain of the "cold war" itself can always give rise to incidents from which there is no going back.

The Kremlin remains a mystery and has in the past been capable of radical changes in its tactics. There may be changes for the better or for the worse, but it is only prudent for the West to prepare for trouble. These preparations require us to pursue recovery in the political and economic as well as military fields. The Communists have an advantage in their fanaticism. We may not be able to equal it, but there is much we can do to popularize the cause of freedom, democracy and the rule of law. If these are to be more than catch-words, they must be accompanied by a general rise of living standards among the masses. To the average European it is no great relief to be told he is free if he is also unemployed. It is equally necessary to provide the minimum of security so that progress is not hampered by fear. Would the rearmament of Western Germany to-day help to achieve these aims?

The Unlaid Ghost of Militarism

THREE are strong arguments against giving Germany arms in any shape or form. In the past, whenever she has had them, she has abused them. She forged her original unity by the sword and has since looked on the sword as the natural method of gaining her ends. During the last war the German military machine in league with one of the most oppressive political systems in history crushed the freedom of one European country after another. It is far too early for the lesson to have been forgotten. Even if Germany cannot now become so powerful as Russia, she can still acquire great strength and there can be no certainty about the use she would make of it. Almost overnight Hitler exchanged the most violent abuse of Communism for a pact

with Russia. Democracy has no roots in Germany and could easily yield to another dictatorship, ready once again to seek support in the East. Alternatively an armed Germany might drive us into a conflict with Russia when we least wanted it.

After the first war we saw no danger in the limited *Reichswehr* allowed to the Germans. Yet underground rearmament soon started with Russian assistance. The German General Staff never lost its grip and the *Reichswehr* formed a solid core of highly trained professional soldiers in readiness for its expansion into the huge war-time *Wehrmacht*. It seems incredible folly to renew this mistake. The sudden change of policy would in many nostrils stink of opportunism. It would give Russia an excellent opening for effective propaganda against us, especially among the satellite countries where fear of Germany would strengthen her hold. Russia might feel inclined to nip West German rearmament in the bud; but, even if she remained passive, it would at this stage destroy the cohesion which we have been at pains to build up in the West.

From the practical point of view, no rearmament of Germany could be undertaken without the consent of all the Western Union countries. At the moment, too, the bulk of available arms is going to France and there are none over for Germany. Yet, to constitute a real addition to our strength, Western Germany would have to be rearmed on a large scale and as quickly as possible in order to minimize the period in which Russian intervention would have an easy chance of success. If only a handful of German divisions were created, Russia could without difficulty call up an equivalent amount of troops and restore the previous ratio. But neither Britain nor her Western partners are in the mood for such a complete reversal of our post-war policy in Europe. In Germany itself there are small nationalist groups which would no doubt welcome the change. It is to these groups as well as to the Communists in the West that Russia is appealing. She flourishes before their eyes the spectacle of uniformed Germans in the East and the mirage of a huge market for German goods extending from the Rhine to the Yangtze. But she has not so far brought herself to promise the return of the lands beyond the Oder and the Neisse, from which the Poles and the Czechs are busy expelling the remainder of their German inhabitants.

With this trump up her sleeve, Russia can maintain the tension between Eastern Germany and her satellites which facilitates her control over the whole area. German Communists have disappointed her in the past and she is not likely to hurry over granting them substantial rewards before they can prove to have secured some popular backing. On the whole the thoughts of Western nationalists run on different lines. They see themselves providing Western Union with a backbone of German organization and possibly leading a crusade to recover the lost lands in the East. But the mass of the Germans in the West are undoubtedly still war-weary. Much as they long to see Germany reunited, they shrink at the price of having their country turned again into a battlefield. Dr. Adenauer has made many disquieting statements in his shifts to parry abuse from both the extreme Right and the extreme Left and even the Socialist Opposition, whose leader once called him the "Chanc-

lor of the Allies". But he has denied categorically that he wants to see the German Army restored. Under certain conditions, however, he said that he would be willing to send a contingent to a Western Union force. One condition would no doubt be that the German contingent should have equal rights with those of other countries.

A case may be made for eventually granting Western Germany the right to provide such a contingent as a reward for good behaviour and as evidence that she has earned the full equality which must be the final goal of Western Union policy towards her. The contingent could have some real military value if, like the People's Police in the East, it was intensively trained to form the cadre of a future German army. But France, in particular, will want to be very sure of German conduct before she consents to the scheme. The French instinct is to regard Russia as a natural ally against the aggressive German neighbour. The Quai d'Orsay after the war was in favour of detaching the Ruhr from Germany and dividing up the Reich into separate States. France now has the British and American pledges she lacked after the earlier war. She has managed very adroitly to add the Saar potential to her own. In return she has given way over the Ruhr, where the new International Authority has no power of sanctions, and has also accepted the creation of a German Federal State. Nobody could be more sincerely convinced of the need for Franco-German co-operation than her Foreign Minister, M. Schuman; but he could not have persuaded his countrymen to accept this settlement if it had not been accompanied by the formation of the Permanent Military Security Board in Germany with the express task of keeping Western Germany disarmed.

Some German military body would have to organize a German contingent and that body might soon come to resemble the old General Staff which we have been concerned to suppress. Democracy in Germany is the badge of defeat rather than of hope and the Bonn Parliament functions almost in a vacuum. The Trade Unions, perhaps the most sincere supporters of democracy in Germany, are a very inadequate bulwark against the emotional appeal of nationalism and militarism. Once we have opened the door to greater German independence we cannot turn back. It is not as in the Eastern Zone, where Russia can jerk her puppets in any direction she wants. If the Bonn Government could by a wave of the wand solve the problem of refugees and unemployment, it might establish its authority; but democracies do not wave wands and in any case the problem is insoluble without emigration and prolonged American aid.

Apprehensions of France

MANY Germans genuinely want to become partners with the West. But they naturally seek advantages for Germany, and the more the West courts them the more tactlessly they present their claims. They either conveniently forget, or else hold themselves in no way responsible for, the damage they did to others. It is this attitude that so often poisons relations between Germany and those who would like to welcome her into the civilized fold. She knows we need her and therefore feels she can squander Marshall

aid or rage against the Saar Statute with impunity. As Allied control diminishes, her demands will grow. If we want German troops, we shall have to pay for them. Germany would never agree to their being recruited as mercenaries for a civil war between Germans. She will be tempted to press for the return of the Saar, the end of occupation and the extension of international control to cover French heavy industry as well as the Ruhr. The French are serene enough to-day, but they want to be quite sure of not waking up one morning to find themselves in German leading-strings. That is why French policy is based on the slogan *Pas de tête-à-tête avec l'Allemagne*. France does not want to face Germany alone without Britain; hence her criticism of our hesitations about uniting with the Continent. In French eyes our peace-time record is unreliable. They have not forgotten how we tolerated the rise of Germany between the wars nor such individual actions as the Anglo-German Naval Pact. That is no doubt why M. Auriol on his visit here spoke so warmly of "union for life and death" between Britain and France. If France can weld Britain into her continental system, she will find it easier to make the *rapprochement* with Germany which more and more Frenchmen now realize to be essential. But if, without that closer union, we were to urge German rearmament, all the old suspicions would reappear and French eyes begin to wander eastwards. For a doubtful advantage, we should be putting a severe strain on the coherence we have so far achieved in the West.

The first task, then, is to arm the nations of Western Union. German rearmament can at best be the last link in the chain. The initiative is with Britain to dispel, if she can, doubts about her readiness for some measure of political and economic union with her continental partners. At the same time it is for Western Germany to show that she has acquired a sense of balance and moderation. If these conditions are fulfilled, France might then not object to German participation in a global defence system. But the conditions are hard; it is inevitably a slow business to change the face of Europe by consent.

N.B. *The foregoing article was sent to press before M. Schuman made his very promising proposal for integrating coal and steel production in France and Germany, and possibly in other countries.*—Editor.

KASHMIR AND JAMMU

THE LINES OF A SETTLEMENT

ON April 12 last, Sir Owen Dixon, a judge of the Australian High Court, was appointed mediator on behalf of the United Nations to assist the execution of a five-months' programme of demilitarization in Kashmir and Jammu, in preparation for a plebiscite on the future of the State. Both the Indian and the Pakistani delegates at Lake Success promised the full co-operation of their Governments with this new endeavour.

It is earnestly to be hoped that this move opened a new, constructive phase in the development of the Kashmir dispute. Nearly two and a half years have elapsed since India brought the dispute to the United Nations, yet although both parties were agreed in principle on a plebiscite it came no nearer actuality. In fact, the Cease-Fire to which they agreed at the end of last year was probably the decisive turn of events; for it signified the setting aside of hopes on either side that military action would settle the matter, and until that was so the chances of settlement by compromise were naturally small.

At this stage it is imperative for all concerned with the dispute—and they include every member of the Commonwealth, most especially the United Kingdom—to look forward rather than back. Nothing is to be gained by ploughing again the arid soil of controversy as to how the dispute originated or who was most responsible for its degeneration to a state of warfare between two Commonwealth members: limited and local war, it is true, which left the legal relations between India and Pakistan those of States at peace, but none the less actual warfare, which spread its sepsis through every aspect of their mutual affairs. Each side holds its own view with tenacious fervour, each genuinely regarding the other as a wicked aggressor. Nor is anything to be gained by attempting to restore in Kashmir and Jammu the *status quo ante bellum*, even for purposes of the plebiscite. The pain of military occupations and mass migrations is not mitigated but renewed by attempts to reverse them. It is better by far, on both counts, to treat the whole matter as an unhappy incident, like the Punjab massacres of August and September 1947, of one of the great political revolutions of the century, the freeing of India from British rule and the birth of the world's greatest Muslim State. Only in such a frame of mind can the protagonists begin to shed the irreconcilable commitments of national and personal prestige which have been so dangerously incurred on either side.

Concentration on the plebiscite as the means of settlement will itself do nothing to solve the problem of Kashmir and Jammu. That has been the error and illusion of Lake Success, which have cost two and a half years of continued suffering and danger, and left the parties pledged to their public opinions even more irreconcilably than before. A plebiscite is now a condition of a settlement, but a settlement is equally the condition of a successful plebiscite. It may be said with confidence that neither Sir Owen Dixon nor

any other United Nations agency will succeed in bringing India and Pakistan to the point of agreement on the terms and conditions of a plebiscite, on help with its administration, and finally on actual adoption of its results, until they are agreed, in effect, on what those results are likely to be and on the acceptability of a settlement based on them. As neither side can be expected, after all that has passed, to assent to conditions which would seem to it to threaten the possibility that the State as a whole may be voted to the opposite side, it follows that no constructive progress can be made until the plebiscite itself is regarded as an episode in the working out of a settlement reached by a quite different approach.

That approach must surely be from a consideration of the hard underlying problems that turn upon the sovereign administration and control of Kashmir and Jammu. Those problems are threefold: defensive, economic and human. The human problem concerns the life and liberty of the people who live now or will in future live within the State, and it resolves into the question of the respective communal minorities: the Muslim minorities in Jammu, turned by deaths and migration into a province predominantly Hindu and Sikh, and Hindu minorities in the northern areas and the Vale of Kashmir, where shifts of population have probably been less but where there was always an overwhelming preponderance of Muslims. The present facts have only to be stated for it to be plain that a solution which handed the whole of Kashmir and Jammu to either India or Pakistan would, in the existing condition of communal tension, and with so many old scores to be paid from the early days of the struggle, only give rise to further mass migration, even if it did not open a new era of bloodshed.

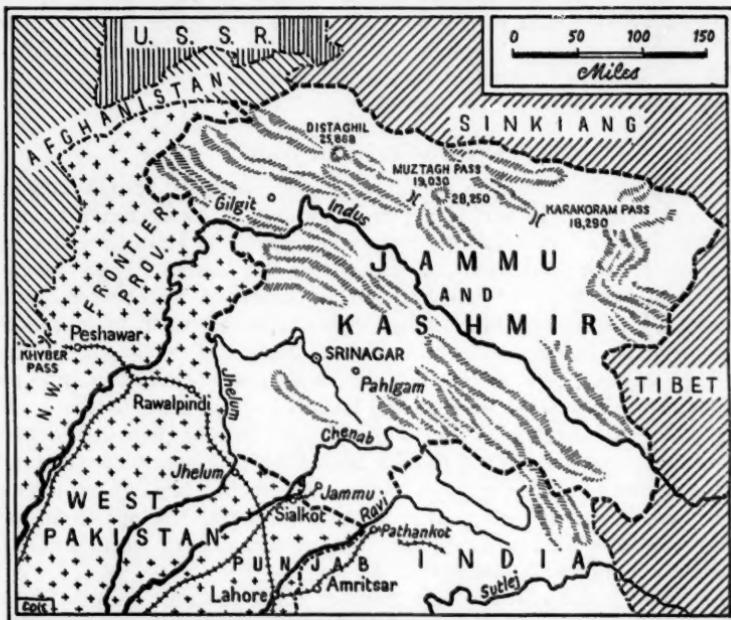
Partition, though rejected at present by both sides, and most emphatically by Pakistan, is the obvious answer to the human problem. But, even if it proves acceptable, it is not the whole answer, as Bengal has lately reminded us. It would have to be accompanied by a system of Minority Commissions with real authority, preferably with an outside element neither Kashmiri nor Indian nor Pakistani. United Nations administration of a plebiscite would help to provide both the personnel and the experience required, but other sources are open too.

Determinants of the Frontier

THE defensive and economic problems may be approached on the provisional hypothesis of some form of partition, having as its initial basis the communal division and preferences of the population. Those problems in turn may well prescribe some modification of the dividing line. Neglect of physical, strategic and economic geography in the haste and preoccupations of the partition of India in 1947 has caused and will go on causing much trouble. On the other hand, especially in the circumstances of Kashmir, the vital objective is not merely to draw the frontier in the right place but also to minimize its importance for defence and other material purposes. If we presuppose a closed military and economic boundary, across which two hostile Powers glare in mutual distrust and enmity, we are imagining condi-

tions in which a lasting and beneficial settlement of the Kashmir problem will in any case be impossible.

From the point of view of defence, Kashmir and Jammu cannot be separated from the whole problem of the North-West Frontier. The State's western and northern fringe is in fact a continuation of the characteristic infertile mountain territory of the North-West, inhabited by mainly pastoral, fierce tribal communities, for the most part beyond the grasp of normal administration. Its passes lead to the still wilder territories beyond, whence may come threats of the kind that have overhung the Indian subcontinent



since before the first Aryan invasions. No plan for defence of Kashmir makes sense unless it is integrated with the general defence of the North-West Frontier, which is primarily Pakistan's affair.

But Kashmir is also India's north-west frontier. A hostile Kashmir and Jammu would turn her flank in the Punjab, as the map shows, and this was the strategic reason behind her fateful decisions to accept the Maharajah's accession and send her army to defend Kashmir against the North-West tribesmen, and incidentally against Pakistan. It follows that no settlement will be satisfactory on the defensive side unless it recognizes India's interest in the defence of the North-West Frontier and gives her sound ground for assurance of her own security. The solution must be worked out by agreement: fortunately there is sound basis for reaching it in the common history, shared tradition and mutual respect of the Indian and Pakistani Armed Forces. But its mainstay would probably prove to be a limited defensive pact between

India and Pakistan, under which a Joint Military Commission would work out plans for contributions and dispositions to meet a common problem.

Liaquat Ali Khan, Prime Minister of Pakistan, was reported as having said on his arrival in London on April 29 that he would welcome a British Commonwealth guarantee to the frontiers of Pakistan and India. Such a guarantee is implied in the nature of the Commonwealth, provided, of course, that the two member countries agree upon the permanence of their frontiers and the impossibility of war between them; and if the guarantee were to be made explicit the proviso must be explicit also, embracing Kashmir and any other disputed territorial issues between them. Other members of the Commonwealth would, furthermore, rightly ask that before the vulnerable and uneasy North-West Frontier became an explicit Commonwealth liability it should first be recognized as a joint liability by the two countries directly concerned.

The Authority of Water

ON the economic side the crucial factor, to be regarded both in drawing a frontier and in minimizing its importance, is communications and, above all, water. The main outer communications of the Kashmir Valley are the roads to Rawalpindi and Jhelum, and over the Banihal Pass *via* Jammu to Sialkot, all in the West Punjab: Jammu province, on the other hand, also communicates directly with East Punjab, with railhead at Pathankot, and its roads from the Indian frontier have been developed and strengthened by the military operations. Improvement of the State's means of access to and from the outer world through Pakistan and India is essential to the raising of its economic standards, which are notoriously and pitifully poor. Any settlement must recognize this and provide accordingly; and where any partition frontier, drawn on other grounds, cuts across a natural line of communication there ought to be special mechanisms and undertakings to ensure unimpeded flow of traffic and the joint construction of roads, bridges, telegraphs and other public works.

But perhaps the most vital aspect of the whole Kashmir problem is the fact that from or through Kashmir flow all the great tributaries of the Indus (the Jhelum, the Chenab and the Ravi) west of the Beas and Sutlej, as well as the Indus itself. From these waters, the West Punjab and Sind and part of East Punjab draw their livelihood. Though it is India's concern too, and in no small degree, yet it is pre-eminently the anxiety of Pakistan, whose life literally depends on the irrigation from the Indus and its tributaries. Moreover Pakistan, having no coal, looks to the Indus for the indispensable supply of electric power for her rural and urban development. These are two irremovable reasons why, from Pakistan's point of view, the governance of all Kashmir by a potentially hostile India has been a prospect too fearful to be borne.

Partition could give her a firm assurance of control over the more western rivers. But it would leave her still anxious as to the possible diversion of waters from the Chenab and the Ravi. She knows such dangers to be real as a result of disputes with India since August 1947 as to the use of Punjab

water. Partition would only recast, without solving, the problem of joint agreement on the use and development of water resources in which both nations are keenly interested.

This problem of sharing control and interests between the upper and lower riparian authorities is an ancient one in India. The Government of India Act of 1935 made special provision (ss. 130 *et seq.*) for river Commissions for settling complaints as to water supplies in which two or more provinces or States were concerned. Now the whole matter needs to be examined in larger terms, with such projects as the Tennessee Valley Authority in mind, as well as international organizations like the old Danube Commission.

Clearly it must be a condition of any settlement in Kashmir that the Governments of India and Pakistan, and of Kashmir itself, if it should have any independent status, should pledge themselves to an enterprise of joint development—in which the interests of each were specified and fairly closely defined—of the waters of the Upper Indus and its tributaries, and set up the common mechanism, both technical and administrative as well as political, for carrying it out. The Five Rivers have given the Punjab not only its name, but its unity; and the Kashmir problem with all its evil past can be turned to advantage if it can become the occasion for reconstructing such unity, not politically but in terms of the river waters, on an even grander scale.

These suggestions, for

- (1) A Plebiscite, leading to
- (2) Partition, with Minority Commissions,
- (3) a Joint Defence Commission,
- (4) an Indus Valley Authority,

are not isolated pieces of patchwork. They dovetail into each other, both in the subsequent administration of what they recognize to be a common problem, equally vital for India and Pakistan, and in the approach to a settlement. For serious consideration of the realities of defence and economics (including water) can only drive home the truth that Kashmir and Jammu is not a trophy to which either India or Pakistan must aspire to the exclusion of the other, but a focus of common interests. It is conceivable that some form of separate administration for the whole State, under the sovereignty of neither, would emerge as the appropriate political solution. But it would be complex and precarious, in face of the intense emotions that past events have aroused, and partition offers itself as being both simpler and far more durable. At the same time, neither partition nor any other territorial settlement, by itself, settles very much unless it is accompanied by constructive efforts and devices designed to minimize the meaning of the new frontier, wherever it may be drawn.

ONE RHODESIA OR TWO?

SOME CONSTITUTIONAL ANOMALIES

RHODESIA, as everybody knows, is divided by the Zambezi River between Southern and Northern Rhodesia. Southern Rhodesia has since 1923 been a colony under a government responsible to a small locally elected Parliament for all its internal affairs, though, its external affairs being still managed by the imperial authority, it is not a Dominion in the modern sense of the word. Its Constitution is similar to that of the old colonies of the Cape of Good Hope and Natal before the Union of South Africa was achieved in 1909, or to that of the Australian colonies before their Federation.

Northern Rhodesia has for approximately the same length of time been a Crown Protectorate. It is still technically not British but foreign territory; and under the Foreign Jurisdiction Act the Secretary of State for the Colonies, acting through a Governor appointed by himself, is responsible to the British Parliament for all purposes of its administration.

But there is in Northern Rhodesia a Legislative Council, as it were an embryonic Parliament, consisting to-day of nine official members whose duty is to vote or to abstain from voting as may be directed by the Governor, two unofficial members nominated by the Governor specially to represent native African interests, and twelve unofficial elected members, two of whom are Africans. The Legislative Council is presided over by a Speaker, nominated by the Governor, with a casting but not an original vote. Thus there is in the Council an elected majority of one over all, and an unofficial majority of five over the official members.

A system under which an Executive, irremovable by the Legislature, has to get the measures which it thinks necessary through a legislature in which it does not command a majority, and cannot, if approval is withheld, resign and throw the responsibility for government on those who have defeated it, might, though there are not a few precedents for it in British colonial and imperial history, seem to have been devised for the production of deadlocks. It is true that the familiar palliatives for such a system are provided in the shape of powers reserved to the Governor, subject to the Secretary of State, to veto measures proposed by the Legislature of which he disapproves, or to certify as being indispensably necessary and to enact over the head of the Legislature measures which it has rejected; but it is obvious that the use of such powers must be productive of such political friction and disturbance that any Governor or Secretary of State will seek to avoid it if he possibly can, and that the day-to-day working of such a system requires a degree of "goodwill all round" (the optimist's usual solution in advance of difficulties reasonably to be foreseen) which only a confirmed optimist could permanently expect. For the unofficial element in a colonial legislature of this kind tends easily to assume the functions of an Opposition.

The same is true in the administrative as distinguished from the legislative sphere. Normally the Governor of a Crown Protectorate or Colony is advised in the exercise of his powers by an Executive Council consisting wholly or mainly of his chief officers, and acts on its advice; though here again he is empowered to act against it but must specially report his reasons to the Secretary of State in each case when he does so. In late years a practice has grown up of nominating to the Executive Council members chosen from among the unofficial members of the Legislature, which seems rather like importing representatives of an Opposition into a Cabinet; and this practice has been followed in Northern Rhodesia so far that the Executive Council there has lately consisted of seven officials and four of the unofficial members of the Legislative Council. In July 1948 the then Secretary of State for the Colonies agreed that the views of the unofficial members of the Executive Council should carry the same weight in the Executive Council as in the Legislative Council, subject to the Governor's reserve power.

Verbally, and on the face of it, this formula might have seemed to mean that, as one would expect, the principle of "one man one vote" would obtain in the Executive as it does in the Legislative Council, so that there would be a secure official majority in the former though there is not in the latter.

The Sign of Four

BUT in April 1949, apparently under pressure from the leader of the elected members in the Legislature, Mr. Welensky, a man of forceful personality and considerable persuasive power, the same Secretary of State was got to agree that the formula "should be understood to mean that, without prejudice to the constitutional position of the Executive Council, the Governor will accept the advice of the Unofficial Members of the Executive Council when the four Unofficial Members are unanimous, except in cases where he would feel it necessary to use his reserve powers". To-day, therefore, just as the elected members, if unanimous, are a majority in the Legislative Council, so the four unofficial members of the Executive Council, if unanimous, are treated as though they were a majority of that body though numerically they are only a minority. How far this remarkable arrangement is likely to go in the way of increasing the difficulties, great enough already, of working the constitutional system of Northern Rhodesia seems obvious.

Those difficulties cannot have been lessened by a really extraordinary incident of quite recent occurrence. The main problem of Rhodesian politics to-day, of which some account is attempted below, is created by a demand on the part of the great majority of the European populations both of Southern and of Northern Rhodesia for the amalgamation of the two territories, or for some form of federation between them. So far, the attitude of the British Government towards this demand has been, to say the least of it, hesitant, indeed unfavourable. Quite lately Mr. Morris, an elected member of the Legislative and an unofficial member of the Executive Council, declared himself as dissenting from his colleagues on this question of federation. At once Mr. Welensky proceeded to demand that Mr. Morris should retire from the Executive Council, not because any misconduct was or could

ONE RHODESIA OR TWO?

be alleged against him, but solely because his attitude was destructive of the unanimity of the four unofficial members of that body, on which their peculiarly privileged position within it depends. Seeing that Mr. Morris's attitude is that with which the British Government has so far seemed to be in sympathy, it would have been natural to expect that the Governor would resist Mr. Welensky's demand. On the contrary, the Governor, acting of course on the instructions of the then Secretary of State for the Colonies, Mr. Creech Jones, was obliging enough first to ask Mr. Morris to retire from the Executive Council; and then, on his refusal, officially informed him in a letter of January 5, 1950, that "The Secretary of State for the Colonies has now notified me that he has it in command from His Majesty the King to inform me that it is His Majesty's pleasure that you should cease to be an Unofficial Member of the Executive Council with effect from to-day's date". Mr. Morris's place has since been filled by the appointment of another gentleman who shares Mr. Welensky's views; and Mr. Welensky, so far as the Executive Council is concerned, is thus placed in something like the position of a Prime Minister under responsible government who can compel the resignation of a Cabinet colleague who differs from him on a matter of importance. If it had been desired to give to the leader of the elected members and his followers power without responsibility, while leaving the Governor with his official subordinates responsibility without power, it is difficult to see what other course would have been followed. Nor is it surprising that voices should have been heard to whisper that the Colonial Office has ceased to govern.

It is in these surroundings that the political problem of one *versus* two Rhodesias has to be considered.

The Case for Amalgamation

THE demand for amalgamation of the two is not new, and there are respectable grounds for it.* Southern Rhodesia, which has by common consent made a success of the responsible government granted to it in 1923, and cannot be accused of harsh or oppressive treatment of any section of its population African or European, may reasonably aspire to extend its sphere by including Northern Rhodesia within it and thus greatly to simplify many local problems, in particular that of the native labour supply. In Northern Rhodesia the European population chafes under rule from Downing Street, as European populations similarly situated usually do. And that European population, which was negligible in point of numbers in 1923, has now, thanks to the marvellous development of the copper-mining industry in recent years, become one of some 30,000 souls. A mining population is certainly apt to be less firmly settled than was the European community in Southern Rhodesia in 1923, but its numbers are equal to those of that community at that time; and its claim for the right to manage its own local affairs is strident. It would be satisfied by amalgamation with Southern Rhodesia under a constitution similar in all respects to that of Southern Rhodesia.

* See the article headed "An African Problem" in *THE ROUND TABLE* (No. 130) for March 1943, pp. 134-8.

That is of the essence of the matter, for it is certain that no extension of frontiers would be acceptable to the European Southern Rhodesians at the price of any diminution of their existing rights of local self-government. And if amalgamation were allowed it would only be reasonable that Nyasaland should also be included in it. The European population there is tiny and the native population large, but the affinities of the territory are with the south, not with the north and east; and it is to the south and west that the surplus native population migrates in search of remunerative employment. It would seem absurd to leave it as a little isolated *enclave* of Downing Street rule.

Certainly a responsible government of the whole area in contemplation would be a White government, answerable to a local Parliament the membership of which would be preponderantly White, chosen by a preponderantly White electorate. Certainly such a government would rule on the principle, adopted with virtual unanimity throughout European South Africa though not of late years fashionable at Whitehall or at Westminster, that while the progress of the African in his own particular sphere should be unrestricted, access to the apex of the political and governmental pyramid must always, so far as human foresight can go, be strictly reserved for the White race. But, given that presupposition, there is nothing in Rhodesian history to warrant an apprehension that such a government would be tyrannical in relation to the African, any more than the Government of Southern Rhodesia has been.

The demand for amalgamation, on the lines of the foregoing, was first put forward officially in 1931. The British Government's reply may be summarized as having been "Not now", and despite sundry reiterations of the demand the attitudes of both parties to the discussion of this matter have remained unchanged in effect ever since.

In February 1949, at the Victoria Falls, Sir Godfrey Huggins, the Prime Minister of Southern Rhodesia, with some of his advisers met representatives of the unofficial European element in Northern Rhodesia; and at this meeting, apparently with the idea of getting round the British Government's objections to amalgamation, a resolution was adopted in favour of a federation between the two Rhodesias and Nyasaland. What exactly the rather vague term "federation" was to mean in this connexion is not clear. No scheme for it has seen the light. But if it is to mean what, in the ordinary use of the English language, it means as applied to constitutions which differ so widely from one another as those of the United States of America, of Canada and of Australia, it is hard indeed to see how any objections entertained by the British Government or by Africans to amalgamation as such could be placated by its adoption. The substitution for a single White government responsible to a mainly White elected Parliament of a central government of the same character to deal with national affairs, as for example the Commonwealth Government of Australia does, and of local governments, again of the same character, to deal with local affairs, as the State Governments in Australia do, would still leave the African subordinated to the European, as he is in Southern Rhodesia. It is not to be expected that Southern Rhodesia would accept anything less. Moreover most people would to-day agree that, on the

merits of the two, a federal is less efficient and workable than a unitary constitution.

Imperial Policy and African Interests

THE official reply to the federal suggestion was given by the then Secretary of State for Commonwealth Relations, Mr. Noel Baker, in the House of Commons on December 15, 1949.

It was to the effect that difficulties were presented by the obligations of the United Kingdom Government, the different constitutional status of the three territories, and the present objection of the Africans in Northern Rhodesia and Nyasaland to political integration. It was suggested that the Government of Southern Rhodesia should consider further the methods available for closer economic co-operation, and should let the British Government have a further statement of their views.

Clearly the last part, at any rate, of this is merely playing for time. It is simpler to regard the issue as being, what it really is, between the out-and-out amalgamation of the Rhodesias and Nyasaland or their continued isolation from one another.

British Secretaries of State have never said "We will not allow amalgamation because we believe that the Africans in Northern Rhodesia and Nyasaland, who are now under the Colonial Office, would suffer under it; nor will we allow it until in some distant future the Africans in all your part of the world have reached a level of civilization at which there can be set up, without apprehension, a completely colour-blind Parliamentary constitution based on a completely colour-blind franchise" (which is what the most "advanced" school of opinion in England would probably like them to say). But they have got very near to saying that they cannot allow it without the consent of the Africans in Northern Rhodesia and Nyasaland. Here there is an analogy with the problem of the High Commission Territories.

In the case of those Territories the British Government have got so close to saying that the prior consent of the African tribes must be a condition precedent to the transfer of their administration to the Government of the Union of South Africa that they would risk a charge of bad faith if they allowed the transfer without such consent.* In the case of the Rhodesias and Nyasaland they might be exposed to a similar charge if they allowed amalgamation without similar consent. And the Africans alike in the Territories and in south-central Africa cling to Downing Street so firmly and with such pathetic faith that it seems certain that their consent will never be forthcoming within any period of time to which it is worth while to try to look forward.

It is true that in the case of the Territories a converse charge of breach of good faith might be urged if it were made clear that transfer of their administration would, humanly speaking, never be effected in spite of the expectation held out to the Government of the Union in section 151 of the 1909 Act of Union that it would be effected at some reasonable date; and that no similar converse charge could be made in the case of permanent refusal of amalgama-

* See *THE ROUND TABLE* (No. 158) for March 1950, p. 126.

tion to the Rhodesias and Nyasaland. But in the latter case, having regard to local European opinion, and in the light of the existing situation which an attempt has been made to describe in the foregoing pages, permanent refusal may well be a sheer political impossibility.

Confronted with that dilemma the British Government may well feel that the course of wisdom is to accept the policy of amalgamation while using their best efforts with the Africans and their advisers to convince them that action in accordance with that policy is necessary and, in the long run, in their best interests.

It seems worth while to recall that the grants of full colonial responsible government in 1906 to the then newly conquered Transvaal and Orange Free State, acclaimed on all hands ever since as a miracle of political magnanimity, and the similar grant to Southern Rhodesia in 1923, which has been an undoubted success, were all made without any attempt at prior consultation with local African opinion.

PROSPECTS OF FEDERATION IN THE BRITISH CARIBBEAN

BACKGROUND OF THE REPORT

THE publication of the Standing Closer Association Committee's Report on the federation of the British Caribbean territories marks an important step forward in the constitutional evolution of this group of colonies. It will be remembered that this representative committee received its marching orders from the Montego Bay Conference in the autumn of 1947. In less than eighteen months since their first meeting in Barbados the spokesmen of seven mainland and island territories, under the able guidance of their Chairman Sir Hubert Rance, have managed to agree about the broad outline of a federal constitution for the region. The only territories in this area still uncommitted to the principle of federation are British Guiana, whose representatives attended as observers, and the Bahamas and Bermuda, which cling tenaciously to the independence they have long enjoyed under their ancient constitutions.

The main purpose inspiring the work of the committee has been, in accordance with the wishes of politically conscious opinion, and guided by their own vision of the future, "to seek the shortest path towards political independence within the framework of the British Commonwealth".* There is general agreement in the West Indies that dominion status will be a mirage so long as it is pursued by each territory as an embryonic dominion, and that the autonomy in external and domestic affairs which this status implies can only be grasped by the smaller as well as the larger members of the group if they join together in a regional political association. Federation, which experience has shown to have contributed so much to the constitutional development of the senior partners in the Commonwealth, is therefore widely regarded as an indispensable preliminary to full self-government, and as a stepping-stone to complete equality of status with the mother country, the old Dominions and the new Commonwealth countries in Asia. It is freely acknowledged that most of these Caribbean territories are too backward in their economic development ever to be able to stand alone as independent political entities. For the wide range of social, administrative and defence services required by a modern State are far beyond the means of impoverished agricultural communities, whose revenue may dwindle away after a single hurricane or drought, and which are still exposed by their unbalanced economies to the shattering vicissitudes of the world market for primary products. Without economic stability at a reasonable level of well-being there will continue to be dependence on financial assistance from outside the region, and such dependence on other countries for the necessities of life cannot be squared with political independence. This frank recognition of unpalatable economic facts, and their political consequences, is one of the most refreshing features of the Report.

If there is a way out of this dilemma, it can only be found through fede-

* Report, para. 9.

tion. For economic stability is unattainable without political union. "Federation and only federation", the Report underlines, "affords a reasonable prospect of achieving economic stability and through it that political independence which is our constant object."* It can hardly be questioned that economic viability is a pre-condition of self-rule, but it is open to doubt whether the Federal Government should be set up before immunity from the pre-war fluctuations of trade has been assured. That this state of affairs is more easily attainable by the territories as units in a federation than in their present political isolation is certain, but the advantages of the change will be lost unless the winds of world trade are favouring West Indian argosies. The committee is careful to point out that federation is not suggested as a substitute for or alternative to the achievement of internal self-government by the separate territories. Any such proposal would have ruined the chances of the Report's acceptance by the territorial legislatures. Emphasis is rightly placed on the importance of political advance within each colony "as an aim in itself".†

The Federal Structure

THE proposed federal constitution focuses attention in a typically British way upon the machinery of government, and refrains from enunciating immutable constitutional principles or drawing up a long catalogue of abstract individual rights. By devoting their efforts to ascertaining the practical requirements of a federal administration, the authors of the Report have given their projected constitution a flexible and dynamic quality which will enable it to grow in response to the changing political and economic pattern of the British Caribbean. The Legislature will be able to amend it without difficulty when adjustment is needed to keep pace with events.

The Australian model of a loose federation with a weak centre has been well chosen as the type of federal structure best suited to present conditions in the Caribbean. The powers which the federal centre must possess from the start will naturally include defence, foreign and Commonwealth relations, oversea trade and communications and authority to finance the federal administration. All residual powers—powers other than those specifically transferred to the federation—will remain with the territorial governments. This limitation of the centre to a bare minimum of executive functions will allay local anxiety about interference in the internal affairs of the territories, while leaving the way open for gradual growth by the assumption of any additional responsibilities which some or all of the federated territories may wish to entrust to the federal government.

The federation should find no difficulty in paying its way out of revenue from customs duties. Indeed, the surplus after federal requirements have been met will be so substantial that at least three-quarters of the proceeds of this source of revenue will be returned to the territories. Control of customs revenue will have the further advantage of providing security for loans on the London market. It should certainly be possible for the federal government to raise money more easily and on better terms than most of the member

* *Ibid.*, para. 17.

† *Ibid.*, para. 9.

governments. This will be an extremely useful service. The federal government will also stand in an important financial relationship to territories receiving grants-in-aid or subject to Treasury control at the time of federation. It is recognized that the need for such assistance cannot be immediately removed, but that the continuation of existing methods of Treasury supervision would be inconsistent with the growth of the financial autonomy and responsibility proper to political maturity. The ingenuity of the proposed alternative to Treasury control deserves the sympathetic consideration of the Treasury and the Colonial Office. It is suggested that the United Kingdom Government should give, for a short initial period after federation, an annual block grant to the federal government equivalent to the average payment made over the preceding five years. This sum of money would be earmarked to meet financial emergencies in the territories, and its use would be controlled and supervised by the federal authorities. If the British taxpayer were to express any doubt about the efficacy of this procedure he would no doubt be reminded of the reserved financial powers of the Governor General. The assumption on which this financial policy is based is that subventions from the United Kingdom are, like Marshall Aid, a temporary expedient pending the development of the region's own productive resources to the point at which it will be self-supporting. If thereafter particular territories are struck down by storm or drought or trade depression they will look for assistance to Port of Spain and not to Whitehall.

The Federal Legislature will be bi-cameral, with a House of Assembly of fifty members elected by adult franchise and a nominated Senate having two members from each territory. The equal representation of all the territories in the Second Chamber will safeguard the interests of the small populations in the lesser islands, which might otherwise be swamped by the voting strength of Jamaica and Trinidad in the House. This device will ensure due ventilation and consideration of their views before legislation is enacted. Few will doubt the wisdom of not allowing the Senate to become a rival or a replica of the House. This will be secured by limiting its powers to those of the House of Lords as restricted by the recent Parliament Act, and by having its members appointed to their positions by the Governor General instead of being elected by the people. Choice by nomination is an advantage for a Second Chamber in a democracy, because it prevents any challenge to the representative assembly and brings into public life men of high character and ability who would probably not survive the rough and tumble of the hustings. Some doubt may, however, be felt about the number of seats allotted to the House of Assembly. It is not always easy to find enough politically capable and experienced persons to serve in the local legislatures. Members of the legislature of a territory will not be eligible to the Federal Legislature, and until higher education has been more widely diffused it will be hard to secure competent personnel for all the legislative bodies in the Caribbean. Moreover, there is no firm basis for the allocation of seats between the different territories, and this will give rise to a controversial exchange of claims and counter-claims. There will certainly be complaints about the excessive weight given to the smaller islands. The Windwards,

with a population of about 250,000, will have 8 members, the Leewards, with a population of about 100,000, will have 5 members, while Jamaica with a population exceeding one million and a quarter will only have 6 members. While a strictly mathematical population basis would give undesirable preponderance to Jamaica and Trinidad, it might have been wiser to stick more closely to this principle in the distribution of seats. The weightage in favour of the lesser islands is particularly difficult to justify in view of the equal representation of major and minor territories in the Senate.

The linchpin of the Executive will be the Council of State, where key officials and political leaders associated with departments will sit together, and which will grow by degrees into a fully fledged and responsible Federal Cabinet. It will constitute "the policy-forming instrument" in the Constitution. At its meetings policy will be decided, estimates of expenditure approved, Bills considered for introduction into the Legislature. From the outset the majority of its members will be unofficials, responsible to the House of Assembly through the Prime Minister, who will himself be elected at a meeting of the House. He and his colleagues will therefore depend for their position on the support of a majority of the elected members of the Legislature, and Ministers will be as much the servants of Parliament as they are in the United Kingdom. A prudent and far-sighted provision gives the Governor General reserve powers, which he will exercise without advice from his Ministers, in relation to defence, public order and the financial stability of the federation. Everyone hopes that the need to use these powers will not arise. But it is none the less desirable that they should be available to buttress the new constitution in its early years against the economic blizzards and international tensions which threaten the stability of the modern world. The Federal Civil Service, by being placed directly under the Governor General, is wisely removed from the political influence to which it would otherwise be exposed. In the discharge of this duty he will be assisted by the expert advice of a Public Service Commission. Pending the unification of the administrative and technical services throughout the region—a development the Homes Commission would like to see, while recognizing the serious practical difficulties—the membership of the Federal Service will be limited to those public servants taken over when their functions have been transferred to the Federal Government, or engaged in other activities of the Federal administration. The position envisaged for the Governor General will, in theory at least, be more akin to that of the Viceroy of India under the 1935 Constitution than to the constitutional position of Governors General to-day in the other Commonwealth countries. He will preside at Cabinet meetings, and have real executive power when acting within his discretion. But it is obviously intended that the functions of his office shall evolve by custom and usage, in the course of time, into those of a normal constitutional monarch or his representative in the capitals of the Commonwealth.

The Report concludes with notes on the cost of federation, and on the practicability of regional co-operation without political union. The additional charge which federal institutions will make on public funds is bound to be a serious consideration for these impecunious territories, and exaggerated

apprehensions about their cost have persuaded some people that the project should be dropped. It is therefore particularly valuable to have an estimate of what the cost will be, even though at this stage no more than a rough idea can be obtained. The fresh recurrent expenditure that will be incurred by the Federal Legislature, Judiciary and Secretariat, and the Governor General with his staff, is expected to amount to £180,000 per annum. This would be a modest increase in the expenditure of an area which has an annual revenue of about £26 million, and in normal times it would not impose an excessive strain on local resources. It might be possible to make economies in certain directions; for example, by reducing the size of the Legislature. There is no estimate of the capital cost of establishing Federal headquarters in Port of Spain. But the difficulties which this matter presents need not delay federation, for the Federal Administration could manage with borrowed accommodation pending the erection of new buildings worthy of the capital of the British Caribbean. There will eventually be an opportunity for a handsome gesture of goodwill from the Mother of Parliaments.

The Path to Federation

HITHERTO the mother country has taken the initiative in turning the minds of political leaders in the West Indies to federation as the shortest route to dominion status. But the time has now come when the main impetus to closer association should be left to local opinion in the territories concerned. It is for the elected representatives of the Caribbean peoples to decide, when the Report is submitted to their own legislatures, whether to accept, to reject or to amend its recommendations, or to postpone their judgment until they feel that the area is ripe for political union.

The federal structure cannot be imposed by British authority or even by the more powerful territories, and it would disintegrate sooner or later if the consent of the legislatures were not firmly rooted in the minds and affections of the local population. The only solid foundation for the federal edifice will be a general desire among ordinary people in the British Caribbean to live together under a common government. But few who know the region would maintain that this wider loyalty is felt by more than a minute fraction of the adult population to-day. Indeed, this expansion of the civic sense has much to contend with besides ignorance and indifference. There are powerful centrifugal tendencies at work, racial and geographical. Fear of domination by people of African descent lurks in the minds of the East Indian population, and explains why Trinidad's answer remains uncertain while British Guiana, where this trend is reinforced by vague talk about "a continental destiny", has not yet taken the plunge of acceptance of the federal principle. In British Honduras the direction of trade, sheer distance and a proud tradition of sturdy independence, combine to create aversion from anything that savours of subordination to the islanders, and this feeling has been strengthened in recent months by the many hardships resulting from devaluation. The Report has been unfavourably received in Belize, and a change of outlook can hardly be expected without some degree of economic recovery.

Viewing the island and mainland territories together, one may be permitted

to doubt whether the word "federation" is as yet in the mind or even in the vocabulary of the average West Indian estate worker, peasant or townsman. The vast distance separating the Western from the Eastern Caribbean, the mixture of races, the poverty and educational backwardness of all but a handful of the population, the absence of any tradition of mutual association or common government, explain why the Jamaican or the Trinidadian do not feel even faintly that they are British Caribbeans in the way that dwellers in Queensland or Ontario feel themselves to be Australians or Canadians. If British Caribbean citizenship were conferred on the inhabitants of the region to-morrow, it would for most of them be no more than a legal fiction. The building up of a sense of loyalty to the British section of the Caribbean, as distinct from the keen and widely diffused existing loyalty to Britain and to a particular home territory, will be a long and gradual process. It can only be achieved if political and trade union leaders, Government information services and responsible newspapers, make the publication of the Report the starting-point of a strenuous and sustained campaign of political education.

There is therefore everything to be said for allowing the seed of federation, which has been so skilfully sown, to germinate in its own time in the political consciousness of the West Indies. The advantages of a common government will be driven home by further experience of the benefits to be derived from closer regional economic and administrative co-operation. The work of the Development and Welfare Organization demonstrates the value of a regional body which can provide the expert technical advisers whom the lesser territories cannot afford to employ, and of a central authority which can convene and organize regional consultations. The recent conference on the consequences of devaluation, held under its auspices in Grenada, is a conspicuous example of the need for treating basic economic problems as matters that concern the whole region. The obvious desirability of having one voice to speak for the West Indies in negotiating trade agreements has already resulted in joint action by the sugar producers in their dealings with the Ministry of Food. Consideration is rightly being given to the setting-up of a Regional Economic Committee which would handle all trade and economic issues of common concern. The establishment of such a committee, whether as an *ad hoc* or a permanent instrument, would certainly encourage the growth of a federal outlook. This sense of interdependence will be enhanced by the application of the proposals of the Customs Union Commission in favour of making the British Caribbean an area of internal free trade, with uniform administrative machinery in the field of customs regulations and a common rate of duty on imports from outside the area. Another step in this direction will be for the Eastern Caribbean, where the present use of pounds and dollars causes much inconvenience and confusion, to establish a common currency based on the West Indian dollar. This would strengthen the case for Jamaica and British Honduras to participate in an arrangement which would enable one currency to circulate throughout the region. These are all things that can be done by agreement between the local governments, and without political federation. But it may well be asked whether they might not be done with less delay and more efficiency with the help of a federal administration.

A further reason why it would be a mistake to hustle federation is that it will take some time before the post-war economic situation becomes sufficiently clear for an accurate assessment to be made of the chances the region will have of maintaining a fair degree of economic stability. There is no doubt that the West Indies have been harder hit than any other group of colonies by devaluation, on account of their greater dependence on imports from North America, and their inability to expand dollar exports to cover the higher price of essential goods from this area. We still do not know how far territorial governments out of their own meagre resources will be able to prevent a catastrophic decline in the wage-earners' standard of living. Another imponderable is the future of the sugar industry. If the proposed terms of the new long-term contract, which would give the industry a stable market until 1957, continue to be unacceptable to the producers, and a long-term agreement cannot be concluded, how will the West Indies fare when prices begin to sag as world output of sugar increases? If the existing contract is renewed on terms which do not offer a remunerative price for a sufficient quantity of West Indian sugar, and the area under cultivation has to be reduced, to what extent will the economies of the sugar-producing territories become unbalanced? Whichever hypothesis proves correct in the event, a vital question will be posed. It would be folly to rush federation through without a forecast about the prospects of the basic Caribbean industry. The political aspect of both devaluation and sugar is no less important than their social and economic effects. Britain has already been blamed for the consequences of devaluation, because the British Government decided to alter the rate of exchange without consulting the colonies. The mother country will also be blamed, even more bitterly, if it fails to purchase West Indian sugar on terms which are satisfactory to the producers. Whether or not the producers have in fact been given a square deal in the United Kingdom market, when wages fall and unemployment rises a convenient scapegoat will be at hand.

It is generally recognized that the British connexion with the West Indies will depend increasingly as time passes on the fund of loyalty and goodwill which has accumulated during the centuries of British rule. This fund has been depleted by devaluation. If another heavy draft is made upon it by the widespread misery which would follow a set-back to the sugar industry, and the strong measures required to deal with the resulting epidemic of disturbances, the tendency will be for the constitutionally advanced territories to look to Cuba and San Domingo rather than to federation within the Commonwealth for the pattern of self-government. British commercial policy is likely to be the decisive factor in shaping the political future of the West Indies. Here is a challenge to imaginative statesmanship, which will see the purchase of essential foodstuffs for the home consumer in the broad context of our obligation to contrive the social stability and constitutional progress of a junior and weaker partner, and will not overlook the contribution contentment in the Caribbean can make to the strength and prosperity of the Commonwealth.

A SENATOR SEES RED

MR. McCARTHY AND THE STATE DEPARTMENT

HOW badly have President Truman and Secretary Acheson been damaged by Senator McCarthy's charges of Communism in the State Department? Have American unity and determination to wage "total diplomacy" been destroyed by this astonishing and demagogic episode? What may the rest of the world expect of the United States now?

These must be some of the questions that people outside the United States are asking. They cannot easily be answered. But in general it can certainly be said that things are not nearly so bad as they appear to be, and apart from the impossibility of proceeding with a new and realistic policy in China, if that needs to include recognition of the Communist régime, the United States is going ahead with its established basic world policies. But up to this moment of writing, it must be said that Secretary Acheson and the State Department have suffered severely, and the Truman Administration is in greater difficulties than it has been since the 1948 elections.

For this the Administration has itself to blame in the first instance. Two things last September shocked the American people. They were the unexpectedly early announcement that the Russians had the atomic weapon, and the speedily following decision to try and fabricate the hydrogen bomb. These decisions drove two grim conclusions home to Americans: that there was little time in which to enjoy a major margin of security, and that hydrogen-bomb warfare raised new spectres of disaster from which no avenue of escape was outlined.

It was then that the Truman Administration should have been ready with policy decisions and statements which would do all that could have been done to reassure public thinking. It was a moral challenge that confronted the President and his Secretary of State: a challenge to chart some road for the people out of the sloughs of despair. Instead, Mr. Truman displayed the chipper heedlessness which in him is sometimes admirable, and Mr. Acheson twirled his moustache and indicated his confidence in force and diplomacy. Neither attitude reassured or inspired the bewildered and dismayed nation.

So there was a vacuum of national policy. And since nature abhors a vacuum, into it crept such figures as Senator McCarthy. The field was his, at first by default. And he began to fling about him with the most extreme and irresponsible charges. As Dr. Goebbels discovered, lies and half-truths, repeated often enough, find lodgment. Especially when nobody is effectively proclaiming the truth. And particularly when the lies and half-truths are so evasive and slippery that it would take a master huntsman to pin them down.

There were two other important contributing factors. The Hiss case deeply shook men's ability to trust one another. Nobody could have been a less credible Communist than Alger Hiss. And yet an American jury, acting under all the traditional safeguards of our jurisprudence, had found him guilty—in

effect, of treason. Even if one clung to confidence in Hiss, and mistrust of Chambers, there was tangible evidence in the shape of the State Department documents typewritten on Hiss's ancient machine. This evidence was never explained by the defense. Then came the Fuchs case, again to shake men's confidence in each other. In the face of these events, nobody could say: "I know that X is not a Communist", without a gnawing germ of doubt.

Secondly, President Truman provided no political bodyguards for his Secretary of State. Under the American system, since Cabinet Ministers do not sit in Congress, they have no adequate opportunity to defend themselves there. If a Secretary of State is a former Senator or experienced elective political figure, he has his own defenses. But if, like Mr. Acheson, he is not a politician or parliamentarian, he must have help. The President's obligation is to provide him with political support from the majority party in Congress. For reasons that are hard to discover, Mr. Truman gave Mr. Acheson no political support during the long months when he was under sharpest attack in Congress. Only in the later stages of the McCarthy business did the President begin to speak up.

The Loss of China

SWIFTLY after the Russian atomic explosion and the figurative burst of the hydrogen bomb, came the full realization of the failure of American policy in Asia. This hit very hard, perhaps hardest of all. And it mobilized a determined political group who saw their chance to bring down the Administration, or at least to destroy Mr. Acheson personally. Here was a great fiasco of national policy. Admittedly, we had suffered the severest defeat since—perhaps—Pearl Harbor. And the question of domestic American Communist infiltration was involved.

There is, of course, no reason why foreign policy should not be the subject of partisan dispute in a representative democracy. Unity can by no means always be achieved. Sometimes there is a large area of agreement, as there has been over U.S. policy in Europe. But it would be a sorry day for democracy if foreign policy were by some magic free from the rigorous forces of debate and dispute. And American policy toward China had never achieved any measure of bipartisan agreement. Thus many Republicans and some Democrats flung themselves upon the State Department's Far Eastern policies.

For years, moreover, a few people connected with the lower echelons of American policy-making toward China had been on the extreme Left fringe. A few of them held influential positions in the private but authoritative Institute of Pacific Relations. British and Commonwealth specialists who have taken part in the IPR will not need to be reminded that in the U.S. wing of that organization there were a few extremists. Chief among them was Frederick Vanderbilt Field, wealthy scion of an old American family, who has never concealed his interest in Communist causes. There were others. Some of them held posts in the State Department. In 1945 several of these were arrested on charges of illegal possession of government documents, and some were convicted.

But other specialists in Far Eastern policy, who were in no way demon-

strably sympathetic to Communism, found themselves in the line of fire when they advocated what might have been realistic adjustments with the Chinese Communist régime. The Chiang Kai-shek régime has powerful representation in Washington. It has sincere and effective supporters in Congress. Back in the early 'forties, persistent efforts were made by the Communists and pro-Communists who had infiltrated into various strategic spots, to persuade Americans that the Chinese Reds were only agrarian reformers. There was enough substance behind this party line to deceive many who were not ordinarily Communist supporters.

In these confusing circumstances, with forceful special interests swirling on both sides, American policy toward China has had to be made during the past decade. It was regularly complicated by the interplay of vigorous and not always experienced or well-informed personalities. General Joseph ("Vinegar Joe") Stilwell, General George Marshall, Patrick J. Hurley—formerly a member of Herbert Hoover's Cabinet—and a great many others took a hand in China. The fabulous East seemed to have a magnetic appeal for retired American generals, for to those mentioned (Mr. Hurley, a professional politician, was also a general) should be added General Clare Chennault, who led the Flying Tigers squadron of U.S. aviators in China and remained to marry a Chinese wife and run the national airlines from Shanghai, and the late General Evans P. Carlson, who led Carlson's Raiders during the war, and was convinced that the Chinese Communists held the key to the future.

Finally, in the present stages, Senator McCarthy's attacks center largely upon individuals who have been specialists in the Far East. His principal supporter is a wealthy New York importer, Alfred Kohlberg, who has led an attack against the Leftists and those who aided them within the Institute of Pacific Relations. The two special interests behind the McCarthy campaign were those who wished to reverse policy on China, and the Republicans who saw a possible chance to destroy the Administration.

The irony is, of course, that American policy by no means has supported the Chinese Communists. Since the war, we have poured thousands of millions in dollars and equipment down the Kuomintang drain. Unhappily, we have suffered the usual fate of the compromiser: we have had no thanks from either side. And now—owing to the impact of the McCarthy charges—Secretary Acheson finds his hands completely tied. He could not possibly get away with a policy of recognition. He can scarcely evolve a positive policy in China at all. If the long road back involves persuading the Chinese people that the United States (like other non-Communist nations) is really their friend, while Moscow is their enemy and the real interventionist against China's national interests, then it will take a long time to get the feet of policy in this path. The best we can do is to evolve a stronger policy in South-east Asia, hoping for the day when China policy can come into being again.

And in South-east Asia we are committed to the acrobatic feat of trying to ride two horses at once—nationalism and a form of colonialism. In India and Indonesia, as in the Philippines and in principle elsewhere, we are committed

to native nationalism. In Indo-China we have to support the French puppet Emperor Bao-Dai, although the Communist leader Ho-chih Minh has obviously the stronger hold on nationalist sentiment and the mass of people. In the Philippines, where for a time we have been very proud of ourselves, the Quirino Administration is in serious difficulties. Native administrations naturally have a long way to go in demonstrating adequate self-governing capacities. These people live in the tropics, they have an ebullient racial mixture, they are adroitly infiltrated by Communists, they have not learned the restraints and traditions which maintain good government in some countries of the Western World. As far as their graft and corruption go, Americans are in no position to throw stones.

The total fact is that everywhere in South-east Asia uncertainty prevails, and the semi-collapse of the Philippine régime is one more stone on the pile. The anti-Communist frontier from South Korea around to Greece will be a hard line to hold. Iran is another spot in the line where Washington sees new uncertainties and weaknesses. It is even contemplated that support as substantial as it was in Greece may be necessary to prevent collapse.

Tactics and Talents of a Demagogue

REVERTING briefly and finally to the McCarthy charges, and the difficulties they have produced for the President and for the Secretary of State, an especially unpleasant phase of the matter must be mentioned, for it is the phase that has most deeply penetrated into public opinion from Atlantic to Pacific. In a candid but unguarded moment before the Senatorial Committee, Mr. Peurifoy, the Deputy Under-Secretary of State for Administration, remarked that some 90 homosexuals had been dismissed from the Department as bad security risks, being subject to blackmail.

Thus a particular human and social tragedy was brought into the front rank of politics. Senator McCarthy has not hesitated to refer repeatedly—indeed, incessantly—to this phase of the problem. It fits precisely with the old and prejudice-ridden attack on State Department personnel as cookie-pushers and the striped-trouser brigade. In the United States, a cookie-pusher is a person who habitually attends teas. The striped trouser is not the professional or business-man's badge. It touches heights of formality associated with the aura of diplomacy (or, indeed, of the undertaker and the church usher). This sort of contemptuous charge has always been hurled at the professional American diplomat. It helps to explain why—with all awareness of the many very able men in the American diplomatic service—we have never really been able to recruit that corps with the highest level of talent and experience all along the line. All these old national prejudices against the State Department and its foibles, mostly fancied, have churned to the surface. That is what gives Senator McCarthy his effectiveness.

Further, Senator McCarthy happens to be a demagogic operator of the very highest talents. He is a master of the unfinished sentence, of the innuendo, the sneer and the leer. His capacity to stand up and debate, fending off attacks, is comparable only to that of the late Huey Long. It will be seen that he is a dangerous man, that his present effects on national and world

policy are considerable, and that he might in some future crisis—perhaps an internal economic crisis—become a menace of the first order.

All this is latent in the situation. But the basic good sense and decency of Americans may well sweep away with the clean winds of realism all this half-truth, falsehood and nonsense. The winds have not yet begun to blow. Just when it appears that Senator McCarthy was cornered and his case about to collapse, he turns up with a new set of half-truths so elusive and slippery as to require a complete renewal of the efforts to answer him. It is hard to contain a man who knows the nerve-centers of prejudice and emotion and manages always to press upon them. But, on balance, it would certainly seem that the facts and the political courage of the Administration and perhaps of the more responsible Republicans would catch up with the Wisconsin Senator some day not too far off.

In any event, and with the exception of policy toward recognition of Communist China, he has merely made the rôle of Secretary Acheson more difficult. He has not influenced policy toward western Europe at all. Here, however, matters are in a transitional stage. This article must be written just before the American delegation leaves for the meeting of the Foreign Ministers in London. Final American policy has not quite been determined. The basic problem is, of course, the inclusion of western Germany into some general framework of the West. Whether this can be done with present machinery—such as the Atlantic Pact, the Council of Europe, the O.E.E.C., and so on—is not yet finally established. There are those in the State Department who oppose new machinery, and those who believe new machinery is vitally needed. The question must soon be settled. In such an area of policy-making Mr. Acheson is at his best. Moreover, American policy in Germany through Mr. McCloy is strong and determined, while economic policy through Messrs. Hoffman and Harriman is an outstanding illustration of effective co-ordinated action. The results speak for themselves.

It will be seen, therefore, that although this article has placed much emphasis on the McCarthy mess as a clinical phenomenon and the biggest political preoccupation of Americans at the weeks of writing, the attack has not yet undermined either Mr. Acheson or Mr. Truman. And there is always the real possibility it will recoil upon its authors.

Five Years in the White House

PRESIDENT TRUMAN has been in office just five years, and so there is much drawing of balance-sheets and analysing of the future. Political or economic viewpoints naturally color the conclusions that are reached. But certain facts are inescapable. Domestically, these five years of post-war adjustment have been considerably less difficult than might have been expected. We have had no period of deflation or of severe unemployment. We have totally missed, so far, the economic collapse the Russians so confidently anticipated. The national income and productivity have continued to grow. We have been in the grip of a period of inflation that has finally levelled off, or seems to have done so. There have been plenty of strikes and labor disputes, but the resilience of the nation's economy has taken up the slack

after each one of them. Their effect has been inflationary, but that has been an advantage to the nations seeking to export to the United States and thus to close the dollar gap. We cannot be certain of the future, and severe economic problems are ahead. It is hard to accept deficit financing at such a time of high prosperity. Certainly, if serious deflation were to come, the readjustments would be difficult. But of this there is no present sign, and the plans for counter-attacking deflation have been made such as were not dreamed of in 1929. On balance, therefore, the national economic picture is strong.

Internationally, the five Truman years show a mixed picture. Over all remains the East-West conflict. The loss of China is a grave set-back. But western Europe has made a remarkable recovery. Four years ago this time, U.N.R.R.A. Director General La Guardia and President Truman were saying that a new food-supply for western Europe was a matter of life and death. Since 1946, Europe has greatly expanded its production of food and manufactured goods. There is still a question whether this stabilizing and expansion has gone far enough to give the people a living standard that will insulate them from Communism. But again, so far—so good.

Thus the over-all picture, while still unclear as one tries to look ahead, shows a post-war situation in which the Truman Administration may feel it has done its measurable part. This is all the more remarkable because of Mr. Truman's limited personal background. He is certainly the embodiment of the average man—a phenomenon of the representative democratic system.

Consider that at the age of 50 Harry S. Truman was an obscure rural politician. Consider that until he was nearly 40 he was clerk and part-proprietor of a small clothing store. Consider that during his vigorous years of youth—from 22 to 32—he was a small-scale dirt farmer. Consider that in his early years in the Senate—to which he was propelled by a notorious political machine—he was totally undistinguished. Consider that he made a national reputation only by the political accident of sponsoring a war-time investigation that turned out to be worthy and news-worthy, and that he was nominated Vice-President by the almost idle political choice of President Roosevelt. Consider that when he became President, this man said to a group of reporters: "Boys, if you ever pray, pray for me now. I don't know whether you fellows ever had a load of hay fall on you. But when they told me yesterday what had happened, I felt like the moon, the stars, and all the planets had fallen on me."

That is the man who has borne the most challenging responsibilities in the world for the past five years. Out of it all, he has emerged confident and cheerful. He is still a simple person, a man of goodwill, a man determined to do what he can to bring peace and well-being to his nation and to the world. He is the very embodiment of the democratic system. And the democratic system, through this glorification of and reliance upon the common man, has on balance served the United States and the world well in the last five years.

Your correspondent happens to have had two talks with President Truman during the past two weeks. The President has shown his determination to press forward in the efforts of the Western World to achieve stability, strength

and peace. He has the temperament to stand up to a protracted war of nerves. He is not overwhelmed by the many problems, the disappointments, the pin-pricks all the way from the Philippines to the Senate. He is poised to a fault. But the fault is not really heedlessness. He is not a Calvin Coolidge who ran a do-nothing Administration while the economic storm gathered. The fault is that Mr. Truman waits almost too long before acting on many problems and acts too impulsively on others. But American re-armament progresses, we are stronger militarily and industrially to-day than at any time since demobilization—more able to meet any aggressor. The economy of the Western World, including the American, is stronger than at any other time in the past five years. Stronger and stabler.

We have not yet begun, as the President pointed out in his speech on April 20 to the American Society of Newspaper Editors, to win the war of ideas. We have scarcely begun to fight it on the requisite scale. That is the next problem the Administration will tackle, in close alliance with the other free nations, with the deep conviction that to combat Communism's penetration into men's thinking will be the third front in the cold war—the other two being, of course, military and economic—and may well turn the tide.

United States of America,
April 1950.

PEOPLES OF CANADA

THE RACIAL ELEMENTS OF A NATION

CANADA, politically, appears in British scarlet. But she has been called a mosaic of many colours, representing as many ethnic stocks and their contribution to a common country. Actually, she is a kaleidoscope, since the pattern constantly, if slowly, changes; more accurately (and not inaptly, with Scots so prominent in Canada) an ever-varying tartan.

Inspection of the components of that tartan as it appears to-day, the threads which may alter it to-morrow and the pattern likely to result, is vitally important to all those who wish Canada well and especially to those who cherish her predominantly British character and her links with what, after all, remains the British Commonwealth of Nations. Such an inspection follows. Space restrictions forbid great detail. Nor can it enter into hair-splitting explanations, as, for instance, that North American "conditioning" makes the colours much alike and that "British", "French" and so on are here applied to persons of the stock concerned whether born in, or out of, Canada. Yet within its limitations it may serve.

The Legacy of New France

CHIEF among the non-British colours is French grey. To-day approximately 4,030,000, or 31 per cent, of Canada's 13,000,000 souls are of French origin, nearly all the product of natural increase. Thanks to vigorous leadership from their statesmen, the Roman Catholic Church, the St. Jean Baptiste Society, the Order of Jacques Cartier and other organizations, which make the most of their remarkable unity, ambition, virility, strength and talent, their significance exceeds anything suggested by their numbers.

To them, and to the wisdom of Britain and their fellow Canadians, Canada owes French as one official language (the other being, of course, English), the prominence of Roman Catholicism (embracing 44 per cent of the population) and, in Quebec Province, a civil law based on that of New France. They generally hold the balance of power in Federal politics and dominate that Province. They have produced two Prime Ministers—Mr. Louis St. Laurent, the present holder of the office, and Sir Wilfrid Laurier—with many Cabinet Ministers and Members of Parliament.

Two-thirds of them being urban, they appear largely in industry and the professions, such men as Joseph Simard of Sorel (shipbuilder and munition-maker) and the Hon. T. Rinfret, Chief Justice of Canada, being truly national figures. But they are notable in agriculture too, since their remaining third depend mainly on farming. Their work in the arts is rich and striking. French literature has an imposing output and does much for drama, especially in radio. Their droll little comedian Fridolin is of international stature. The *Cercle Molière*, *Les Compagnons* and other amateurs promise a first-rate National Theatre. French films, usually documentary and often financed by the Federal

or Quebec Provincial Governments but sometimes dramatic and commercial, show distinct talent.

O Canada and *Alouette* are world-famous French notes in Canadian music. Albani was internationally renowned as a singer, Laliberté and Mathieu are rising modern composers. But folk-songs and folk-music constitute French Canada's chief musical gift—not merely academic, for many songs survive, with variations, for use at work. Dr. Marius Barbeau and his associates have collected 7,000 folk-songs. Folk-dances remain popular in rural districts.

The cylindrical tower and turret, the conical or steep-pitched roof, the dormer window, the high, narrow, rectangular city building, the square, solid farmhouse, all imported by early French settlers, have been retained; and the three first-named are enthusiastically incorporated in modern structures, even of great size, such as hotels like the Château Frontenac, Château Laurier and Vancouver, all over the country.

Since many of the numerous French workers in other visual arts naturally study in France, French influence is conspicuous in their creations, though some seek something distinctively Canadian. M. A. Suzer-Cote (sculptor and painter), Alfred Laliberté, Philippe Hebert and Henri Hébert (sculptors), Paul Caron, Clarence Gagnon and M. A. Fortin (painters) have North American eminence and are well known elsewhere.

The French are also particularly active in handicrafts, the Quebec Provincial School of Domestic Arts, the *Cercles des Fermières* and other authorities guiding thousands of workers. Hence, the Bougault brothers and Elzear Soucy (carvers) are by no means the only handicraftsmen achieving aesthetic and commercial success.

Teutons and Slavs

OTHER non-British elements in Canada number some 2,800,000, or 20 per cent of the total population, sub-dividing into 12 ethnic stocks plus "Various" or "Unspecified", not counting those aboriginal Canadians, the Indians and Eskimos. To deal with them all minutely would be tiresome and unnecessary. But some details respecting their three chief stocks and a few illuminating facts about the rest give essentials for comparison with the British position.

So to Prussian (or German) blue, standing for approximately 520,000 souls—4 per cent of all the residents of Canada. Most of them derive from strains, like the Hessians who entered Canada with the United Empire Loyalists, native to the country for a long time; and every German in Canada knows well that after two great wars in which Germany was Canada's enemy German traits are unpopular. Therefore nearly all Germans except the Mennonites, who keep to themselves mainly from religious conviction and number only a few thousand, are intensely anxious for complete assimilation. This makes it almost impossible to trace the blue threads in Canada's tartan.

However, they have contributed substantially, if obscurely, to Canada. They give the German language, German literature and the Lutheran and Mennonite creeds some place in the national picture. Their visual artists include the internationally known Cornelius Krieghoff and O. R. Jacobi, pioneer painters of lively outdoor action and of landscapes respectively. And

they introduced their country to such popular, if mundane, things as *pretzels*, *sauerkraut* and lager beer.

Gold symbolizes the Ukrainians, being the colour of the wheat which is one of their main products in the New World, as in the Old. That strain stands out because it represents 300,000 very active people (3 per cent of Canada's total). Though 90 per cent use English fluently, about the same proportion also use one of the three Ukrainian languages and all promote their use, partly by having them taught in some Western universities and schools but principally by writing in them, extensively and well. Similarly, steadfastness in religion has made their Churches—the Greek Catholic and Greek Orthodox—prominent. Their unhappy European history helps to interest them keenly in politics, with a view to serving Canada, obtaining more Canadian recognition for Ukrainians and re-establishing an independent Ukraine. They indignantly deny that more than a very small Ukrainian group are Communists.

Nearly half the Ukrainians in Canada, who were agriculturalists in the homeland, fit perfectly on farms. Others follow the heavy industrial or construction work they or their forebears took up on landing on Canadian soil. In this, they fall in with most "New Canadians", who follow agriculture or hard manual labour. But, again like other New Canadians, the Ukrainians also excel in the professions and in many other fields.

Aside from literature, they give lavishly to the arts, especially to music and dancing. Large choirs and stringed orchestras, of the type heard at the Winnipeg Summer School, enhanced by the wearing of Ukrainian costumes, have drawn international attention and have brought Ukrainian soloists, choirs and orchestras from the United States and even from Europe to Canadian Music Festivals. Occasionally they have induced individuals, notably Alexander Koshetz, the great musician, composer, teacher and conductor, to settle in Canada. Ukrainian folk-dancing adds bright movement to the West. And the Ukrainians are skilled in handicrafts.

Scandinavian sea-green accounts for about 286,000 persons, or 2.2 per cent of Canada's total. Nearly all habitually use English, yet ensure that the speech of their fathers is kept alive in Canada. This is especially true of Icelandic, taught in Western schools. In religion they reinforce the Lutherans. They are extremely active in politics, and have given the legislatures many able men: J. T. Thorson, K.C., Minister of National War Service for Canada in the Second World War and later President of the Exchequer Court; B. L. Johnson (British Columbia); C. Halldorson and G. S. Thorvaldson (Manitoba); G. H. Danielson and H. O. Hansen (Saskatchewan); and R. D. Jorganson (Alberta) among them.

The prominence of Scandinavians in discovery and exploration before the Cabots suggests that they should still be outstanding in this Canadian activity. V. Stefansson, born an Icelandic Canadian, though now a United States citizen, one of the greatest living polar experts, and Inspector H. A. Larsen, Royal Canadian Mounted Police, the only navigator to make the North-West Passage by sea in both directions and the same ship, help justify that assumption. But most of the Scandinavians are farmers, with noteworthy Danish

and Swedish co-operative enterprises in dairying and other branches of agriculture. Icelanders have done well as educators, physicians, lawyers and through other professions, one of the foremost being Dr. T. Thorvaldson, a world authority on cement. The Danes have developed "Folk High Schools" on the Danish model, to give young farmers cultural training, the Norwegians foster similar colleges and are highly successful in lumbering, pulp- and paper-making, mining, fishing, and shipping, while the Swedes prosper in chemical and mining engineering.

The Scandinavians are also exceptional artists. Many excellent writers work in Icelandic and English, Laura Goodman Salverson and Frederick Philip Grove leading them with high honours. Scandinavians are prominent in drama, folk-dancing and folk-music. Agnes and Snjolang Sigurdson (pianists) and Pearl Palmason (violinist) have performed on important North American concert platforms. Painting and sculpture have gained through Lars Haukaness and handicrafts through numerous experts, like Erica and Kjeld Deichmann (ceramics) and Karen Bulow (weaving), all Danes. Nor is it possible to overlook spectacular Scandinavian contributions in winter sports, especially skiing.

Of other non-British ethnic stocks, numbering about 1,274,000 souls or not quite 10 per cent of the total population, the Czechs and Slovaks stand out in the arts, music particularly, and also in industry, which points to Tom Bata, of the well-known shoe company, and his large factory; the Belgians are capable farmers, musicians and artists; the Netherlanders, farmers and gardeners; the Finns, fishermen and miners; the Greeks and Italians, restaurateurs and in amusements, the former, also, specializing as furriers and the latter as cooks and musicians; the Poles, farmers, musicians and in the professions. Yousuf Karsh, the internationally famous photographer, is Armenian, Hornyanski, celebrated as an etcher, Hungarian. The Russians have Alexander Bercovitch, A. C. G. Lapine and F. N. Loveroff (painters), Boris Volkoff (ballet), Alexander Brott (composer), the Russian Cathedral Choir at Montreal and many other leaders in professions and arts.

From the British Isles

BRITISH scarlet symbolizes only 49 per cent of Canada's population or some 6,370,000 persons (of whom only about 1,000,000 were born in Britain). Yet this element remains, in a thousand ways, often unconsciously, British—and outstanding, with many of its traits accepted by all other Canadians.

Not only is English, as already stated, one of the two official languages; it is Canada's common tongue. Christian Churches originating in the British Isles, though individually second to the Roman Catholics, have collectively more adherents than any other. The Central Government system, with a Governor General representing the King, a Prime Minister, Privy Council and Cabinet, an Upper Chamber (the Senate) and a Lower (the Commons) is, like the similar provincial systems, and the municipal, essentially an oversea adaptation of its "Old Country" equivalent. So, very largely, is the law, except the civil law in Quebec.

The Union Jack and Canadian Red Ensign are the chief flags. Governments act in the King's name, "On His Majesty's Service". The Governor General drives to Houses of Parliament remarkably like those at Westminster to receive a royal salute, accompanied by *God Save The King*, from scarlet-clad Foot Guards and open His Majesty's loyal Legislature. Even the mail is Royal, collected in red letter-boxes and vans! Every Canadian Prime Minister except two has been of British stock, which is in a large majority in almost all governments and government services—the exceptions being the Federal, where the French sometimes run it a close second, and the Quebec provincial and municipal, where they predominate. The armed forces wear generally British-pattern uniforms. And there are more kilted regiments, in a far greater variety of tartans, than ever graced the British Army.

British methods, much conditioned by North American, underlie nearly all occupations and British names dominate them. Massey-Harris and Cockshutt (agricultural implements); Dawes, Dow and Molson (brewing and many other activities); Macdonald (tobacco products); Price (lumbering); Timmins (mining); Towers (banking); Allan, Cunard, Stephen, Strathcona, Beatty, Shaughnessy, Coleman, Neal, Mackenzie, Mann, Hungerford, Vaughan, Mather and Gordon (transportation); Eaton, Simpson, Morgan, Ogilvy, Birks (merchants); Osler and Banting (medicine); Mackenzie (science); McGill, McMaster and Dalhousie (education) are merely some of these internationally recognized names.

Britain's styles deeply influence Canadian literature in English, for all that it seeks Canadianism, and Britain's books, though not its periodicals, are widely read. At risk of monotony, Ralph Connor, Gilbert Parker, Arthur Stringer, Hugh MacLennan, Charles Roberts, Robert W. Service, John MacRae, Henry Drummond, T. C. Haliburton ("Sam Slick") and Stephen Leacock show what British blood has done for Canadian authorship. A growing drama in English draws much inspiration from Britain's, there is an excellent English amateur stage and a largely British, professional, New Play Society. British professional talent shines in radio and films, these last still depending mainly on government financing. Above all, Julia Arthur, Margaret Anglin, Mary Pickford, Beatrice Lillie, Deanna Durbin, Raymond Massey and Walter Huston represent solid achievement in dramatic arts by Canadians of British stock.

The British strain is often heard in Canadian music, witness Christmas carols and folk-songs like *John Peel*, *Annie Laurie*, *Auld Lang Syne*, Moore's Irish melodies and his *Canadian Boat Song*. Sir Ernest MacMillan conducts the Toronto Symphony Orchestra and Mendelssohn Choir (leaders of their kind). Scots outpace all other Canadians in folk-dancing. Gweneth Lloyd, June Roper and Dorothy Wilson successfully promote ballet. Tudor, Georgian and Scottish-baronial architecture is very popular. Tait Mackenzie and Walter Allward, sculptors of the Wolfe statue at Greenwich and the Vimy Ridge Memorial, respectively, assured British eminence in their own field, while Paul Kane, "The Group of Seven", Jefferys, Heming and Emily Carr are just some of the outstanding British painters.

Lastly, the British deserve special credit for encouraging all Canadians,

largely through the Canadian Handicraft Guild, to produce and buy handicrafts. And workers like W. G. Hodgson, Edward Sharp and K. M. Hatch (woodwork), Nancy Dawes and Margaret Bains (ceramics), Helen Mowatt (weaving) show what the strain can do.

Possibilities of Change

SO much for the tartan to-day. Now a glance at the threads which may alter it to-morrow.

The post-war period has brought renewed immigration, concentrating on displaced persons: Britons with capital or with high technical qualifications; French nationals born in France; Americans; and the relations of Canadians sprung from continental Europe. Many obstacles have appeared: the reluctance of the British, French and several other governments to release useful workers and of the British to let large sums in sterling go with them; Russian prohibition of acceptable emigration from behind the Iron Curtain, once a vital source of "New Canadians"; transportation scarcities; keen competition from other Commonwealth countries. Yet results, though far below those of the peak years 1910-14, which totalled 1,661,425 immigrants, 36 per cent of them from Britain, are impressive: 379,199 admissions in 1945-49, 43 per cent of them British.

In 1949 British immigration declined greatly, to 22,201 persons or only 23 per cent of the total. As the Government has intensified efforts to attract continental Europeans but remained passive in Britain, this decline has been interpreted as foreshadowing a long slump in British immigration, with a marked increase in other admissions. But improved conditions in Europe, with the gradual absorption of displaced persons by many countries, have actually caused non-British admissions in 1950, so far, to decline too. Hence, it is premature to expect notable changes in Canada's tartan on the strength of recent figures or even of recent policy.

Nor is there much evidence for another common idea: that the occupations and general standards of impending immigrants will radically alter the Canadian scene. Emphasis is still on the manual worker, principally for heavy labour, while the general standard suggests that these new-comers will serve Canada as usefully as past immigrants have served her.

Much more influential is to-day's intense nationalism, born of the war effort, which gave all Canadians greater pride in Canada and some determination to shed "entanglements" and "subservience". Symptoms include the doctrine of loyalty to the King as "King of Canada"; the mild agitation for a Canadian-born Governor General; the wider demand for "a distinctive national flag"; the abolition of appeals to the Privy Council; and the striving for an independent foreign policy. With the pre-war ban on accepting titles from the King and the war-born creation of "Canadian citizens" (who remain British subjects), these look formidable.

Those who value the British connexion note unhappily that most nationalist moves to date weaken that connexion. Often too they are illogical—for instance, Canadians may, and do, accept titles of honour from outside the Commonwealth. Nor is the disruptive tendency lessened by the dollar-

sterling tangle, which has severely restricted Britain's imports from Canada and caused many Canadians to ask "What's the practical value of Commonwealth ties?"—forgetful, sometimes, that trade is a two-way street.

Also more potent than immigration is the immense American influence. American investments, broadcasts, periodicals, films, products, ideas and so on pour northward in an ever-increasing Niagara; Canadians seeking relaxation or employment pour southward. Inevitably, this works to absorb Canada's colours in an all-American hue. And it thrives on the American's common habit of appointing himself a missionary to the heathen, bound to wean Canadians from "a foreign King", out-of-date cabins and canoes.

But only an extreme minority seeks further disruption, and others now defend British links and characteristics. Coupled with the lessons of history, recent immigration figures and Canada's undeniable need of Britain and Britons, these facts are significant. As for Americanization, after centuries of its pressure Canada survives more herself than ever. She even offers the astonishing spectacle—so very British just because so utterly illogical—of a French Canadian regiment in British scarlet trooping the King's Colour, the Union Jack, on the Plains of Abraham, scene of the defeat of New France—and thereby turning defeat into triumph.

So the chief change awaiting Canada's tartan may well be merely a weaving of its threads into ever-closer unity.

UNITED KINGDOM

FORECASTS REVISED

SELDOM within the memory of any of us have the doings of Parliament been more continuously in the news or on the tongue than during these past months. Even the millions to whom party politics normally mean little or nothing in comparison with Saturday afternoon football can sense in the present equally matched rivalry at Westminster something of the excitement of a Cup Final at Wembley, and in this case with the certainty of a replay not long ahead.

The General Election of February 23 gave the Labour Government 315 seats in the House of Commons, the Conservatives and their allies 298, and the Independent Liberals 9. The full total of 625 is made up by the addition of the Speaker and two Irish Nationalists who have not yet attended to take the oath. Thus the actual majority commanded by the Government over all effective opponents is eight. To those accustomed to smaller assemblies that may sound enough to govern with, until one remembers that it is proportionately equivalent to a majority of one in a House of eighty. There have been three by-elections already. The Government have held these three seats, in each case with a reduced majority. But the by-election threat hangs over them relentlessly, and the demand upon sick members to struggle to Westminster from their beds, in order to record their votes and save the Government, only heightens the risk of further vacancies.

Yet the early forecasts that Parliament could hardly last three months and that another election this summer would be inevitable have seemed less and less likely to be fulfilled. Sufficiently strict party discipline and reasonably good luck in the matter of illness can guarantee the Government for some time to come against actual defeat on a major issue. Short of by-election losses or a defection within their own ranks, they should be able to maintain the minimum figure of five, to which their majority fell on each of the two controversial tax increases contained in the budget. The Opposition, had they carried the day, would have been probably no less embarrassed than the Government. For the brutal truth is that hardly anyone, however ardent an anti-Socialist he may be, wants a second election immediately.

The possibility of a fresh election is something which both sides have, so to speak, in reserve. Dissolve Parliament, and that reserve is gone; yet, in every respect except that one, the result might well be to leave us almost exactly where we are now, and with the only possible move to break the stalemate wasted. The party organizers know full well that nothing is the least use to either side except a clear working majority. Within sight there is no development likely to give that to the Labour party; but they are hoping that something may turn up, and if anything were to occur at home or abroad which might win back for them a bare dozen of the seats they have so recently lost, they would probably like to go to the country, confident that with a

majority of thirty to forty they could then carry through another five-year programme of Socialism.

By-election voting suggests that the tide is still running against them. But how fast, and how far? A more powerful surge is required before a Conservative Government with an effective majority could become a possibility. Only seventeen Labour members hold their seats with majorities under a thousand. If an election were to come quickly and if Conservative candidates succeeded in ousting all seventeen of them, that would only suffice to give the Conservatives exactly the same number of seats in the House which the Labour party hold now. The deadlock would not be prevented. It would be perpetuated.

That is the manifest explanation of a speech delivered by Lord Woolton on April 29 to the Conservative party. Recognizing as he does that a narrow Conservative majority would be useless and indeed embarrassing, he has held out almost too obvious an olive-branch to the 2½ million Liberal voters—not the Liberal party organization. Those votes, if so used in every constituency as to minimize the chance of a Socialist victory, would give an anti-Socialist Government decisive control of the House of Commons. Two prominent Liberal peers, Lord Reading and Lord Rennell, had transferred their allegiance to the Conservatives a week or two before Lord Woolton spoke, and in the constituencies since the election there has been a small but continuous ebb from the Liberal party of men and women who are being forced to the conclusion that it has no future. Its worst handicap is lack of leaders. With the narrow defeat of Sir Archibald Sinclair's attempt to re-enter the House, the nine Liberal M.P.s include not one of the calibre of a statesman.

Changes in the Commons

THE Labour party is weakened by the tiredness of many of its senior men who have been under the intense strain of Government office continuously since 1940, and most of all by the state of health of Mr. Bevin. Lonely in his foreign policy among his political friends (though the electoral defeat of several "fellow-travellers" leaves him better supported in this Parliament than in the last), illness has robbed him of the physical self-confidence with which he rose to every occasion as war-time Minister of Labour. Mr. Herbert Morrison, too, has lost much of the joyous bounce which used to make him so versatile a tactician. Sir Stafford Cripps, who delivered a two-hour budget speech with the unrelieved smoothness of a faultlessly running power unit, seems to have irrevocably turned his back on popularity and the possible Premiership. Mr. Bevan, unlike the others, is only 52 and can afford to wait. In militant parliamentary debate none of his front-bench colleagues can match him, and few among the Opposition can stand up to him. Patiently and perseveringly, making the utmost use of his limited talents, with a deep sense of the social mission of his party, Mr. Attlee continues to hold together his centrifugal team and to retain, largely by his obvious sincerity, the respect of his back-bench supporters. The choice of Mr. Strachey for the War Office was an error of judgment, because it was bound to occasion talk about this Minister's former inclinations towards Communism, which, whether well

founded or not, the British Government cannot afford just now, at home or abroad. On the other hand, the decision to appoint as Minister of Food Mr. Maurice Webb, who before being elected to Parliament in 1945 acted as lobby correspondent of the *Daily Herald*, displayed shrewd understanding of the need, not adequately recognized since the war, to send to this politically difficult office a man qualified by instincts and training to sense public reactions swiftly. Mr. Webb's capacity as an administrator remains to be proved.

Whereas on the Government side there are several new faces on the front bench and, for obvious electoral reasons, few on the back benches, on the Opposition side it is the back benches that are of interest. Compared with the last House of Commons, Conservative resources are strengthened not only by twenty-two former members who have won their way back after being defeated in 1945, but also by nearly a hundred who are entirely new. The feature of this Parliament so far has been a succession of informed and well-delivered maiden speeches, mostly by Conservatives, which far surpass the common average of maiden speeches before the war. This may be an effect of the action taken by the party to cut down the expense falling upon a candidate, and thus to remove the artificial advantage which wealth in those days used to give. The Labour party gained a somewhat similar accession of quality five years ago, for different reasons. The leisured statesman type may be disappearing from our midst, but the useless M.P. on either side is becoming rarer too, and it presages more efficient Parliaments as the years pass, with keener competition for the posts of responsibility. That may bring to light the real leaders for the nineteen-sixties, who as yet are hardly apparent anywhere.

An Unhelpful Budget

FOR the period of this Parliament controversial legislation is barred. With so slender a majority, the risk of embarrassing defeats in Committee would be too great. No one except the rabid reformer need regret the prospect of a rest from new law-making. The pace has been too hot these past four years, wearing out the senior civil servants on whom so much depends.

But one Bill must be introduced each year which can hardly avoid being controversial, and that is the Finance Bill. This will be the Government's summer test. To an ingenious Opposition it gives scope for putting down troublesome amendments which may be divided on at any hour of the day or night—exactly the situation which watchful Government Whips desire to avoid. Neither has the Chancellor of the Exchequer helped them. He might have introduced a popular budget designed to catch votes, or alternatively he might have made no changes in taxation at all. In the latter event the budget would virtually have balanced, though at the appallingly high figure of £3,975 million. Instead, he decided to raise an extra £73 million in a full year by doubling the petrol tax from 9d. to 1s. 6d. a gallon, and a further £11½ million by increasing the purchase tax on commercial goods vehicles, in order to afford an almost equal sacrifice of revenue by an adjustment of

the income-tax scales, so that (for example) a single man earning £500 a year will in future pay £74. 5s. in tax instead of £85. 10s.

Sir Stafford Cripps may have underestimated the criticism which this would stir up. The Opposition welcomed the cut in income tax, but insisted that it should have been financed by determined reductions in expenditure and not by loading heavier burdens on to road users. Motorists now forced to pay 3s. a gallon for petrol were scarcely mollified by the simultaneous promise of an increase in the basic petrol ration. Suspicion grew that the concealed motive of this fresh taxation was to help the nationalized railways. When the Government proceeded to announce a general increase of one-sixth in rail freights, calculated to bring in £27 million a year towards meeting the deficit on the railway system, the official policy of seeking to keep down the costs of manufacturing and distributing British goods seemed to be more and more jeopardized from within. Only farmers are to be reimbursed the extra cost of the petrol they use. All other consumers have to pay, including those who require oil in large quantities as an ingredient in industrial processes. With a certain inconsistency, the Chancellor of the Exchequer continues to preach in favour of the "wage freeze" and voluntary dividend limitation. Restiveness among the trade unions grows against the continuance of any sort of wage freeze, partly because of hardships suffered by the lower-paid men in face of the high cost of living, and partly because the unions are reluctant to forgo the most obvious means of justifying themselves to their own members, by successful negotiating for higher wages.

Eyes on the Next Election

WITHIN a fortnight after the election the Minister of Labour announced the abandonment of compulsory direction of labour and withdrew the Control of Engagement Order. In practice the power had not been widely used, but its mere existence was intensely unpopular, for it offended all the deep traditional convictions here about personal liberty. The decision may indeed have been one of the first-fruits of the election stalemate. Now that the parties are so evenly balanced, an attitude of arrogant contempt in the face of Opposition criticism has become a thing of the past. Members on both sides recognize that before long they will need to be facing election meetings again, and by that time they are keen to have eliminated from the case they will present anything which may bring legitimate dislike upon them. It is all of a piece with the decision announced in the budget speech that the recent cut in the building programme, which would have reduced the number of new houses authorized for 1950 from 200,000 to 175,000, is now to be restored. It should never have found favour at all, for even at 200,000 the rate of completions will be only four-sevenths of what it was before the war, and in town and country alike the housing need is still far more acute than it then was.

Sir Stafford's yearnings after financial rectitude—the stronger now, because he was obliged to lose face over devaluation last year—are subjected to obvious strain by the natural desire of his Labour colleagues to avoid doing anything in this interim Parliament which might be unpopular in the back

streets and thus lose them votes. He has fixed a limit of £416 million a year for the food subsidies (equivalent to about 2s. 9d. on the income tax), but this ceiling is unfortunately to be a floor too. In other words, because it might be painful, nothing further is to be done this year to reduce this insidious drain on the national finances. At long last he has pledged himself to impose a ceiling also on the formidably rising cost of the National Health Service, and to require that expansions in any directions there must be offset by economies in others. Under permanent pressure from Mr. Bevan he will find this pledge hard to keep, and Sir Stafford Cripps is so ardent a Socialist that he might be argued into relaxing the financial control on the Health Service again, as indeed he was last year.

People and Communism

HIS party comes under fresh fire from the extreme Left whenever it tries to move towards the middle of the road in these social matters. True, the Communists suffered complete electoral defeat, but they will use every means of getting their revenge. Highly skilled Communist agitation inflicted on the Port of London between April 19 and 30 another dock strike which caused the loss of almost 100,000 working days. Public opinion generally is hardening all the time against Communism in Britain, and there are signs that the Government is beginning to realize that firm action against these trouble-makers at an early stage will be assured of popular support.

There is scant evidence, however, that the ordinary man or woman is watching seriously or carefully enough the storm-clouds over the world abroad. At home, life is a struggle, and there is plenty to be anxious about, and the country is divided, and there must be another election soon: that is how the prevailing state of mind of millions might be summed up. If there were a sudden foreign crisis, it might come upon us with as sharp and hideous a crack as did the threat before Munich twelve years ago. Mr. Churchill, abandoning for a day the party mode of utterance and reverting to the gravity and power of his war-time speeches, has warned us that "no one need delude himself by closing his eyes to the gulf which yawns between the two worlds, now facing each other, armed and arming, reaching out for agencies which might eventually destroy the human race". Nevertheless, there are millions of eyes still closed, and millions of minds not yet awakened, to the troubles which beset many parts of the globe outside this small island, and to the dangers which include us all. The work of political education advances, but too slowly still.

The British people continue to enjoy full employment, and in millions of homes that is what is prized above all. If unemployment were to recur and spread, the hold of the Labour Government on areas now solidly Labour would vanish within a few months. But "full employment" and "fair shares" are Labour's watchwords to-day, and the latter is an attractive slogan, the former a reality. Excessive controls and bureaucracy, of which the Conservatives complain, more markedly affect businesses than ordinary voters. High taxation is hated, but the suspicion has been well spread that the Tories' interest would be only to help the rich. Slow housing progress is the

UNITED KINGDOM

chink in the Government's armour, where repeated blows may bring it down. Occasional defeats on minor issues in the House will doubtless continue, for the Conservatives are showing themselves assiduous attenders, and it is easier for them because they, and not the Government back-benchers, can know with fair certainty the day and hour when their presence at the House for a division will be required. But no Government with a narrow majority can carry this country out of the wood. She needs to be given unity of purpose, and yet just now her people are deeply and bitterly divided by slanders widely spread and often blindly believed by party supporters against the sincerity and intentions of the other party. Contemporaries may guess, historians will decide, where the blame for that lies.

Great Britain,
May 1950.

NORTHERN IRELAND

SIR BASIL BROOKE'S goodwill visit to the United States and Canada foreshadowed in *THE ROUND TABLE* (December 1949) has been long enough in progress for an evaluation to be made of its political bearing. Before his departure from Northern Ireland the Prime Minister was careful to say that it was not his intention to engage in a campaign of platform speaking: nevertheless it is evident that the opportunity has been discreetly used to give greater prominence to the case for Partition. His mission has thereby tended to offset the efforts of the Irish Republic to enlist American support for a reopening of the issue.

There is, however, no reason to conclude that such an attempt has seriously influenced the United States Government. Despite the strength of the Irish vote in domestic affairs the Administration's attitude has been the diplomatically correct one of non-interference. This has again been indicated recently in correspondence with the Irish Government on the subject of the North Atlantic Treaty. In reply to the contention that the Republic cannot participate until Partition is ended the State Department said the Treaty was not a suitable framework within which to discuss problems which were entirely the concern of the Governments of Ireland and the United Kingdom.

The contents of this Note are also seen as answer to the proceedings in the House of Representatives in Washington on March 29, when a motion that Marshall Aid to Britain should be withheld until Ireland is united was carried by 99 votes to 66. Wider American reaction to this tactical success by the Irish *bloc* was one of repudiation of intent to make economic co-operation a means of influencing Anglo-Irish relations, and in due course the resolution was reversed.

In the Northern Irish view the incident illustrates both the vigour of Irish-American propaganda and the falsity of any belief that the Partition settlement can be revised through outside pressures. Responsible opinion in the United States has been shown to be in line with the British policy of leaving a further solution to the free agreement of North and South, and the inclination in Ulster is to feel that only in the event of a major world crisis would

there be danger of a departure from this course. The Prime Minister, in so far as his mission was political, was thus concerned to show that Northern Ireland's right of self-determination is a valid one expressed not alone in favour of partnership with Britain but of active unity with the Western Powers. With an eye to the uncertainties of the future he evinced the desire that the fact of Northern Ireland's established place in the North Atlantic Treaty and other measures should ensure that this right is respected even in the event of international upheaval.

The immediate impressions of his visits to Washington, New York, Philadelphia and Chicago are of success in this purpose. They show that where the elements of the Irish question are understood there is an appreciation of the position of the North which to some extent derives from the contribution of the Scots-Irish to the rise of the United States and the maintenance of its institutions. As well as from associations of Ulster character, the Prime Minister drew support from the renewal of contact with members of the United States forces who were stationed in Northern Ireland in large numbers during the war. These meetings provided striking evidence of the friendly ties formed by all ranks, and also of the strategic importance which is still attached to the area.

Official contacts were otherwise confined to a formal call on the Secretary of State, Mr. Dean Acheson, but Sir Basil's public speeches dealt with such matters as Northern Ireland's contribution to British economic recovery, principally through its exports of linen and its advantages as a field for dollar investment. In emphasizing the minor nature of the Irish question in comparison with the world situation caused by Communism he was at the same time intent on demonstrating that through its common allegiance with the United Kingdom and Commonwealth Northern Ireland's interest is in the larger unities. Only in this way, perhaps, could he have justified the underlying motives of an informal visit, the maintenance of the present Constitution and the defence of the liberality of the Unionist régime.

What he did not raise in question as fully as might have been expected was the ground for the assertion made by the Irish Republic and calculated to appeal to sections of American opinion that the border is imposed by Britain and kept by armed forces. This attitude of mind on the part of Mr. Costello and his Ministers ignores the Treaties of 1922 and 1923 in which Dail Eireann, with expressions of friendly accord, agreed with the British Government to recognize the constitution and territorial extent of Northern Ireland. In their latest anti-partition campaign they have yet to make it clear whether they are repudiating these undertakings, which are the basis of the present settlement. While these stand the denial of the legality of Partition has the appearance of being a purely political manoeuvre. At the time of writing reports of the Prime Minister's visit to Canada are not available.

Northern Ireland,
May 1950.

IRELAND

DIVIDED COUNSELS

RECENT events suggest that our Coalition Government lacks cohesion and does not believe in collective responsibility. How far this is due to carelessness and how far to lack of leadership or discipline is not clear; the fact remains that the policy of the Government, as expounded by some of its leading members, is admittedly no longer consistent or harmonious. Mr. Costello, the Prime Minister, is apparently too busy acting as arbitrator between his colleagues to formulate a common programme and seems inclined to leave declarations of policy to others. There is small evidence of intelligent direction or even of any clear aim. Each Minister is busily engaged in following his own particular path and some do not scruple to trespass on those of others. To make matters worse there is no declaration of policy, equivalent to a King's speech, at the opening of Parliament, nor are there any parliamentary sessions. As a result there is lack of clarity and planning by the Government, not merely at the opening of any particular Parliament but throughout its duration. This tendency is naturally more obvious in the case of a Coalition.

A clear example of the Government's lack of cohesion is to be found in the severe criticism of the Labour Court by Mr. Everett, the Minister for Posts and Telegraphs. The Court is a public tribunal established by the previous Government in 1946 to deal with labour disputes.* Mr. Everett, who is a National Labour deputy, represents in the Government the Congress of Irish Unions—a body of purely Irish trade unions—who have recently made critical representations concerning the work of the Court to the Minister for Industry and Commerce, Mr. Morrissey (Fine Gael). The matter was, therefore, so far as the Government was concerned, virtually *sub judice*. Nevertheless, Mr. Everett during January made two speeches in which he voiced strong dissatisfaction not only with the membership of the Court but also with its methods of discharging its duties and the results it has achieved. He also, by implication, criticized his colleague the Minister for Industry and Commerce, whose department he stated controlled the Court, and said that many thought the old practice of direct negotiations between employers and employees should be again resorted to. The members of the Labour Court, naturally annoyed by this partisan attack, sought an interview with Mr. Costello, the Prime Minister, and afterwards, having apparently failed to obtain redress from him, published a statement in reply to Mr. Everett's strictures in order "to allay misgivings" they may have caused. This statement pointed out that neither the present Minister for Industry and Commerce, Mr. Morrissey, nor his predecessor Mr. Lemass, had ever attempted to influence the Court, that it had always encouraged direct negotiation between employers and workers, and that if its recommendations

* See *THE ROUND TABLE*, No. 145, December 1946, p. 82.

had not been accepted in many cases the fault or failure was not that of the Court. The Court would continue, the statement added, to have regard to its statutory duties, which required it to take into account not only the prospects of acceptance of the terms of settlement by the parties directly concerned in the dispute, but also its merits and fairness to both sides and the public interest. It should in fairness be said that the Court has discharged its onerous and thankless duties in a careful, impartial and painstaking manner. Its principal disability arises from the fact that it is called a court, whereas it has virtually no power to enforce its decisions and is really only a conciliation board with the right to intervene in industrial disputes. It clearly could not continue to function if it felt that it had lost the Government's confidence. So far, however, no expression of that confidence has been forthcoming.

Mr. Mac Bride and the Banks

ANOTHER, and perhaps more glaring, case of ministerial dissension has been made public in the controversy over the policy of the banks. Mr. Sean Mac Bride, the Minister for External Affairs, who has recently shown much interest in our financial and economic policy, in a speech at Cork on March 12 declared that the Irish banks had at all times completely disregarded the national interests. There had, he said, undoubtedly been restriction of credit by the banks in the middle of 1948, which to his mind was unjustified and disastrous so far as the economy of the country was concerned and which had cost us very considerable sums. Those restrictions of credit occurred before the devaluation of the pound and restricted the import of capital and consumer goods that would otherwise have taken place for which they would now have to pay more. Unless the banks realized their responsibilities to the community they would find that ultimately Parliament and the Government would be compelled to take action to make them realize they had such responsibilities. The banks made no reply to this attack, but, speaking in the Dáil on March 23, Mr. P. McGilligan, the Minister for Finance (Fine Gael), obviously replying to Mr. Mac Bride, said that it was wrong to launch any attacks upon the banks as institutions in the present situation of finance. They had money entrusted to them and they had a certain job to do. They had been driven by our history and the habits of our people to adopt an amazing preference for liquidity which could not be found in any other country in the world. There should be an end of the talk about the banks as dictators. They were not. They were trying to do their best. The dictators were the people who decided to give their money to the banks. Replying to the complaints about the divergence of opinion between himself and Mr. Mac Bride, Mr. McGilligan said he had met no one outside the ranks of the politicians who were worried about it and he advocated freedom of speech in such matters. In reply to an interruption he admitted, however, that he was the proper person to speak for the Government on this subject. The supply estimate for the coming financial year which was under discussion amounts to £78,127,000 and is the largest yet introduced. £12,000,000 of this sum is being earmarked for capital development, to be met out of

borrowing. Mr. McGilligan told the Dáil that he proposed to seek a public loan as soon as the money market became more settled.

'The Partition Agitation

PARTITION remains the one issue on which not only the Government but the Opposition are united. The British general election presented what was apparently thought to be a good opportunity of raising the matter and four anti-Partition candidates were nominated for constituencies in Great Britain with a large Irish vote; all forfeited their deposits. In Northern Ireland the anti-Partition party fared equally badly, securing only two out of twelve seats. Moreover, not a single Labour representative was returned from this highly industrialized area, because the average working man preferred to take no risks and voted the straight Unionist ticket. There was, of course, no Communist candidate in Northern Ireland, but it is significant that the Communist party, who were eliminated, were the only party in Great Britain to pledge themselves to abolish Partition. Mr. Mac Bride, the Minister for External Affairs, and Dr. Browne, the Minister for Health, both spoke in Northern Ireland during the election in support of anti-Partition candidates. Mr. Mac Bride said at Dungannon that he was prepared to visualize "for a time at least" a federal solution—namely, a separate Parliament for Northern Ireland which would deal mainly with local affairs and be subordinate in matters of national importance to the Dublin Parliament. He also expressed the hope that the two National candidates for Tyrone and Fermanagh would, when elected, be allowed to attend the Dáil or Senate. Whether Mr. Mac Bride was speaking merely for himself is not clear, but the offer of a federal solution is not new, having been made by Mr. de Valera without any time limit on several occasions. Our politicians will not, or cannot, appreciate that the people of Northern Ireland will not even consider such a proposal, because it involves the severance of their allegiance to the King and of their connexion with Great Britain. The real Northern attitude is indicated by the fact that the police prevented the Irish national flag from being displayed at Mr. Mac Bride's meeting. In Northern Ireland it is looked upon as a party flag and liable to provoke a breach of the peace. On the other hand, one wonders what would happen if Sir Basil Brooke intervened in an Irish general election south of the border!

In a speech at the annual convention of the Fine Gael party in Dublin, on February 14, Mr. Costello declared that he did not believe physical force could effectively provide any final solution of Partition, and certainly not the kind of solution the Government desired. Mr. Costello's statement was made after an advertisement signed by Captain Peder Cowan, T.D., an Independent member of the Dáil, had appeared in a Dublin newspaper on February 4. This advertisement stated that "Action, not talk, will end Partition. A strong Volunteer movement determined to end Partition is needed and must be organized now. Further delay is dangerous." Finally, Captain Cowan requested those who believed in "positive action" to write to him. The emphasis on the need for action rather than talk is symptomatic and has serious implications. This and similar recent declarations by others are due

to the fact that the Government in this matter of Partition has a grievance rather than a policy. Far more grave, however, is the recrudescence in Northern Ireland of violence and outrage. During the last two months four separate bomb attacks have been made on police stations in Belfast, as a result of which two policemen were wounded. There can be little doubt that they are part of a definite plan to stir up trouble in the North, and it is not without significance that the sinister and secret "Irish Republican Army" has just declared in a public statement that its primary object now is "a successful campaign against the British Army of occupation in Ireland". To cope with this threat the Northern Government has found it necessary to revive the special powers of search, arrest and detention which were recently abrogated. The only Irish politician who has recently placed the question of Partition in proper perspective is Mr. M. O'Higgins, T.D., a son of the Minister for Defence and a member of the Fine Gael party. Speaking in County Dublin on February 9 he said that we must somehow convince the people of the six north-eastern counties that we do not regard them as enemies but as fellow Irishmen, and that the removal of the border would be their victory as well as ours. We must, he added, convince them that we seek unity on a basis of friendship and equality and must be prepared to give freely whatever guarantees of this they require. This sane approach is unfortunately singular.

The agitation against Partition has now spread to America. On March 29 an amendment, which would have had the effect of stopping Marshall Aid to Great Britain until Partition was ended, was carried in the House of Representatives at Washington during the debate on the Foreign Aid Bill by 99 votes to 66, but subsequently reversed on March 31 by 226 votes to 60. This occurrence proves that Irish-American influence is still active in Congress, particularly during an election year, and that the Irish Embassy in Washington has an effective propaganda department. Such tactics will not hasten the unity of Ireland, which can only be achieved by Irishmen at home and not by manœuvres in a foreign Parliament. Had the amendment not been reversed it would eventually have done as much harm to Ireland as to Great Britain.

Irish-American relations in general show every sign of becoming more close and cordial. On January 21 a treaty of Friendship, Commerce and Navigation was signed in Dublin between the Republic of Ireland and the United States of America. It deals with such matters as enjoyment of social-service benefits, taxation relief, liability to military service, and trade regulation on a reciprocal basis. It provides, however, for the continuance by Ireland of preferential treatment to imports from the British Commonwealth. It was subsequently announced that the Irish Legation in Washington and the American Legation in Dublin were to be raised to the status of Embassies. Mr. George Garrett, the popular American Minister in Dublin, has since been appointed the first American Ambassador to the Irish Republic, and Mr. J. J. Hearne, for some years the Irish High Commissioner in Canada, has been appointed the first Irish Ambassador to the United States. The new Irish representative in Canada, Mr. Sean Murphy, until recently the Irish Minister in Paris, has also been given the rank of Ambassador. The title of

High Commissioner is now regarded as anomalous for Irish diplomatists, and no doubt the two remaining High Commissioners in Great Britain and Australia will also become Ambassadors in due course.

The Atlantic Pact

PARTITION also casts its shadow over the problem of our national defence. Speaking during the debate on the Defence Forces Bill early in March, Dr. T. F. O'Higgins, the Minister for Defence, made it clear that while our sympathies were very definitely on the side of the North Atlantic Pact, we cannot join that alliance while Partition remains. In the event of a conflict, he said, we must therefore seek to preserve our neutrality, relying on our strength to repel any aggressor. As we do not produce a rifle or a bullet, let alone a field-gun, and depend on the British Army for all military supplies, which Dr. O'Higgins gratefully acknowledged, it is difficult to see how we could repel an invader for more than a few days. We detest and abhor Communism and we are working in the closest co-operation on other matters with America and Great Britain; yet because British forces are in Northern Ireland by the wish of its inhabitants we refuse to take our place in the defence of Western Europe. It is a situation which may end in disaster.

During the debate on the Defence Estimates Mr. Sean Collins, a young member of the Fine Gael party, said that Ireland's refusal to adhere to the Atlantic Pact had been a "manly and noble gesture" as a protest against Partition; but now that the protest had been made it surely was time that the situation should be reviewed in the light of actual conditions. We might, he said, be showing more courage by coming within the defence wall of the Atlantic "than standing in a deliberate isolation that might mean our ultimate annihilation". Captain Giles, another Fine Gael member, said that "if war comes we must make common cause with the North for our common defence, whether we like it or not. Why not face the situation now? . . . If war comes I would not be one bit afraid to take my stand in the Atlantic Wall."

An example of our effective co-operation in the economic sphere is to be found in the work of our representatives on O.E.E.C. The growing importance of Ireland's position in that body is undoubtedly due to Mr. MacBride's energy and influence. For over a year he has pressed for the appointment of an outstanding political personality as permanent President of the Council and for more frequent and regular meetings at ministerial level. Both these proposals have now been agreed to. At the meeting of the Council of Ministers on April 4 Ireland was elected to a seat on the Executive Committee, the body of officials which supervises the work of the organization between the meetings of the Council of Ministers. Our real rôle in the European economy is to help in feeding Great Britain, and this we are successfully doing. It is still possible to ignore the implications of our strategic isolation but not those of our economic dependence. Whether we like it or not we stand or fall with Great Britain.

Ireland,
May 1950.

INDIA

THE BORDER AND THE MINORITIES

THE dark shadow of communal strife has hung heavily over the Indian scene since the beginning of March. At the moment of writing the vista is a little brighter, but it is realized that it must necessarily be a long time before confidence returns to the minority communities on each side of the Indo-Pakistani border—and then only if the leaders in both countries succeed in translating into action the good intentions of the Prime Ministers' recent agreement. Though feelings have been tense throughout the entire sub-continent, a kindly fate (if the adjective is permissible in the present context) decreed that the actual trouble should be localized in and between East and West Bengal. Killing, arson and loot over a wider area might well have created a situation quite beyond the administrative resources of New Delhi and Karachi. As it is, one of the major problems which central and provincial governments are up against is the difficulty of inducing a proper understanding, not merely of the letter but also of the spirit, of the minorities agreement in the mind of the subordinate ranks of the administration, particularly in communally exposed and outlying districts. The interchange of visits by the Prime Ministers of India and Pakistan, each of whom has journeyed to the other's capital city during the past month, is not merely welcome evidence of the ending of a long estrangement, but has provided the occasion for the discussion of a number of matters of urgent practical application. Reference will be made to these later. Meanwhile, the resignations of the two West Bengal Ministers from Pandit Nehru's Cabinet, which were communicated to the Prime Minister in the first week of April, were accepted by the President of the Republic on the 19th of that month and became effective from that date. Opinions will differ as to the political loss involved in the withdrawal of Dr. Shyama Prasad Mookerjee, Industries and Supply Minister, and Mr. K. C. Neogy, Commerce Minister, from the Union Government. As the chief of an important department of government Mr. Neogy stood head and shoulders above his colleague, whose handling of the Industries portfolio has been one of the larger of many disappointments on the economic front in the last two years.

But Dr. Mookerjee expresses a point of view which is important in West Bengal at the present moment. From this angle his statement to Parliament, delivered a week ago and giving formal effect to his resignation, may be regarded as a sign and a portent. Throughout, said Dr. Mookerjee, India's policy towards Pakistan has been weak, halting and inconsistent, and in consequence the life of the Hindu minority in that country had become "nasty, brutish and short"—a description which a famous political philosopher applied to that of mankind in the state of nature. He asserted that the Bengal problem was not provincial; it raised issues of an all-Indian character, in relation to which "the united voice of leaders that are dead and of youth that

smilingly walked to the gallows for India's cause calls for justice and fair play at the hands of Free India to-day". There had been two previous agreements for the purpose of regulating the treatment of minorities. Both had failed because of Pakistan's concept of an Islamic State, and whereas Pakistan was clearly the aggressor, this third and latest agreement made India and Pakistan appear equally guilty in the eyes of the world. Under the garb of protecting minorities in India the agreement reopened the problem of the Muslim minority in that country, "thus reviving those disruptive forces that created Pakistan itself". And so on—with sundry refinements of an argument with which the world has frequently been made familiar. In support of his general case Dr. Mookerjee recalled the Indian Prime Minister's own words a few weeks earlier, when Pandit Nehru told Parliament that the basic difficulty was that the policy of a religious and communal State followed by the Pakistan Government inevitably produced a sense of a lack of full citizenship and a continuous insecurity amongst those who do not belong to the majority community. Throughout his speech Dr. Mookerjee repeatedly alluded to his country's honour, and in his peroration said :

If the agreement succeeds nothing will make me happier. If the agreement fails, it will be a very costly and tragic experiment. I would only respectfully urge those who believe in the agreement to discharge their responsibility by going to East Bengal—not alone but accompanied by their wives, sisters and daughters—and bravely share the burden of joint living with the unfortunate Hindu minorities of East Bengal. That would be a real test of their faith.

The Prime Ministers' Talks

DR. MOOKERJEE'S views are undoubtedly shared by a large number of his fellow Bengalis and a not inconsiderable number of Hindus in other parts of the country. But the weakness of his valedictory testament is that he did not say what he himself would do to ginger up policy which he described as "weak, halting and inconsistent". The only alternative to settling Indo-Pakistani differences by negotiation is to settle them by force, which is a short step to a disastrous armed conflict between the two countries. And though negotiations which have to take account of many emotional and psychological factors must necessarily appear halting and inconsistent to people who hold strong opinions, negotiation is the method which Pandit Nehru has once again chosen, to the immense relief of the majority of his countrymen. Dr. Mookerjee described the talks in which the Prime Ministers are engaged as a "last chance", and it has to be said that this view is held by many people who otherwise do not go the whole way with him. There is already in West Bengal the beginnings of an irredentist movement, and it is likely to grow in strength and urgency if the present attempt to make the peace does not produce practical results. Happily there are signs that the earlier heady stream of refugees has slowed down in both directions, but many problems remain to be dealt with—not least the question of how the present truncated province of West Bengal can absorb and rehabilitate between a million and a half and two million refugees who are estimated to have left East Bengal in successive migrations since April 1948. This is clearly a

burden which West Bengal cannot carry single-handed, for in spite of its great industrial importance it is in size, if not in resources, the smallest of all the Indian provinces (or states as they are called under the new constitution), being even smaller than lowly Orissa, hitherto regarded as the Cinderella of the federation.

Restoration of Trade

IN the context of resettlement and rehabilitation it is of the utmost urgency that a beginning should be made in the task of restoring the broken fabric of Indo-Pakistani trade. For 200 years the two Bengals—East and West—have formed a natural economic whole, with Calcutta as the nerve-centre of a highly geared economy, primarily industrial but including an extensive agricultural hinterland. In the last week of April, as a result of inter-governmental discussions at secretarial level in Karachi, an agreement for the exchange of commodities for a period of three months to July 31 next was announced, the chief feature being the release to India of a further 800,000 bales of raw jute, in return for which Pakistan is to receive certain quantities of gunny bags, cotton piece goods, steel, mustard oil, &c. The vexed question of the rupee exchange parity has been sidetracked for the time being, and as far as possible the debits and credits accruing to the two countries will be kept in balance in a special account to be maintained in India. In point of fact the agreement follows lines on which jute-manufacturing interests in India and the Pakistan Central Jute Board had been negotiating informally since the turn of the year. To this extent not a great deal of new ground has been broken by the first round of official discussions since the Prime Ministers' initial meeting in New Delhi. But it was practical common sense to go ahead with the completion of an agenda that had already been thrashed out in some detail by the trade interests concerned, and it does mark a beginning to the more difficult tasks that lie ahead of both Governments in restoring the dismantled machinery of commercial intercourse. The complete breakdown of trade since the devaluation deadlock of last September has undoubtedly contributed to that feeling of hopelessness which helps to make a refugee of a man who, if he had a good business reason for remaining at his work, might be prepared to stay and see a crisis through.

A primary condition of the return of peace and goodwill is relaxation, and finally abandonment, of the economic sanctions in which the two countries have been engaged for the last seven and a half months, and the pressing need of the hour is to restore the trade of the sub-continent along a much wider front than is envisaged by this month's Karachi conference, valuable as the initial impetus of that occasion has been. Clearly not much progress can be made until some understanding is achieved over the rupee exchange ratio, on which question the official Pakistani attitude has hitherto been stern and forbidding, whilst the Indian Finance Minister's recent declaration that there will be no revaluation of the Indian rupee closes one possible method of escape from the present *impasse* with which the theorists had been toying—not very seriously, it is true. There is a good deal of evidence in support of Dr. Matthai's contention that last September's devaluation has been justified

by the results. *Per contra* Pakistan claims the same for her decision not to devalue. In the circumstances it is not easy to see exactly where the deadlock can be broken. But that it should be made to yield at some point or another to the requirements of trade is an indispensable first step to the resumption of normal commercial relations, which would act as a powerful solvent of other matters in dispute. How it arose is less important at this stage than the fact that the devaluation hiatus is economic sanction number one and, in the opinion of many observers, of even more urgency than the aging Kashmir dispute, which has lost some of its earlier emotional appeal and has come to be regarded as a tangle which only the specialists in military and external affairs can unravel. India supported Pakistan's application for membership of the International Monetary Fund, for which her candidature was recently approved. Some time must still elapse before the authorities of the Fund need indicate approval or disapproval of the parity proposed by the State Bank for the Pakistani rupee. In some quarters it is hoped that during the interval the governing body of the Fund may use its good offices to restore the nexus between the Indian and Pakistani rupees. Another suggestion that has been made is that the two rupees should be allowed to find their own level by means of a free market, and the Indian monetary authorities, who have full confidence in their rupee, are understood to be quite agreeable to such a proposal. In view of the substantial amounts of Indian capital awaiting repatriation Pakistan is understandably less attracted to the idea, and the unofficial Calcutta market, in which intermittent business is done in Pakistani rupees, shows them at a considerable discount on the official rate of Rs.(P)144 to Rs.100 Indian. The relationship of the two rupees is the next big hurdle which the peace-makers must overcome.

/ Murder at Calcutta

THE last three months have been a period of great strain and uncertainty, but in many respects the life of the nation and the individual has pursued its even tenor. The quite shocking murder of a leading British business man, caught in a communal riot on the outskirts of Calcutta, who sought in his predicament to defend those who could not defend themselves, produced a genuine wave of revulsion against the whole mad cycle of blind killing and caused many to pause and reflect on the rapid drift towards the complete breakdown of civilized behaviour. The ministerial apologia was restrained but utterly sincere. The tragedy was one of several warnings of the abyss into which, for a dreadful moment or two, it seemed the country might be plunged. Pandit Nehru and his veteran counsellor Sardar Patel read the signals aright and, refusing to yield to extremist pressure, have begun another patient search for a settlement by negotiation of the chronic problem which has plagued the Indo-Pakistani sub-continent for as long as any man can remember. In choosing the path of conciliation they have given proof of their faith in moral values. There is no longer a Mahatma to subdue the passions of the multitude by prayer and fasting.

PAKISTAN

IMPROVING PROSPECTS OF PEACE

THE crisis in the two Bengals during February and March brought India and Pakistan, in Pandit Nehru's words, to the edge of a precipice. So grave was the situation that few people now doubt that war would actually have begun if there had been a single serious outbreak in East Bengal during the month of March. By the mercy of providence, there was no communal incident, major or minor, in that province from the third week of February right up to the time of the *détente* resulting from the Liaquat-Nehru meeting in New Delhi in the first week of April.

Although the general disposition, at present, is to treat the unhappy chapter as closed, and to avoid the washing of dirty linen, the chronicler will have to take a backward glance. According to the Indian account, the trouble started with an incident in the Khulna district of East Bengal, which occurred on December 20, 1949. A small police party went to search the house of a Communist and was attacked. The only armed policeman was killed and a number of persons, fearing unpleasant consequences, left the area, whereupon local bad characters took the opportunity to do some looting. No communal importance attached to the incident, and the Indian Press said nothing on the subject for some weeks. The Pakistani authorities maintain that this incident was only brought up later as a stick to beat Pakistan with. Certain it is that in the intervening period there had been some ominous developments, unrelated to the Khulna incident, in Calcutta. The President of the Hindu Mahasabha, at a conference held there at the end of December, had openly declared that Pakistan must be reabsorbed into India, and an extremist body, self-styled "The Council for the Protection of Rights of Minorities", had been carrying on a campaign to this end; it had actually set up a sort of provisional government of East Pakistan. In the middle of January, again, Sardar Patel made a public speech in Calcutta in which he referred to the "catastrophe of partition" in terms which Pakistan regarded as provocative.

A few days after this, rioting broke out in various places of West Bengal, and later in Calcutta itself and in its suburbs. Killing and looting of Muslims in the area continued sporadically right up to the time of the Liaquat-Nehru meeting. In East Bengal the first serious communal outbreak occurred in Dacca on February 10, when a trainload of refugees with unhappy stories to relate arrived from West Bengal. The rioting rapidly spread to several other places in the province, and for a few days the situation was serious; it was, however, rapidly brought under control. In Dacca itself 225 persons were killed, and in the rest of East Bengal 203.

The total Hindu population in East Bengal is between 11 and 12 million. It had always been recognized that nothing more disastrous could occur to the economy and, indeed, to the peace of the two Bengals than a large-scale movement of refugees from that province, with a corresponding movement of Muslims from West Bengal. Obviously nothing would be more likely to

give rise to "incidents" followed by "police action", followed by total war. So far as the Hindu exodus was concerned, the Pakistani authorities claimed (and the claim was largely supported by neutral observers) that the sharpest spur which was driving the refugees from their ancestral homes and lands was fear that war would break out. The majority of them had been living on peaceful and friendly terms with their Muslim neighbours and were not especially concerned at the danger of further communal outbreaks. Daily, however, they read in the Hindu papers, which came to them from Calcutta, sensational and tendentious news, and editorials clamouring for war against Pakistan. The Pakistani Press, for its part, erred grievously by publishing fantastically exaggerated accounts of the casualties among the Muslims of Calcutta and harrowing stories of atrocities; but its offence was not so serious as that of the Calcutta papers, which were openly war-mongering.

It was known, too, that Pandit Nehru, on his visits to Calcutta, was greeted with banners calling upon him to declare war or resign, and that the city was placarded with posters to the same effect. Worse still, by the end of March it had become an open secret that certain troop movements of sinister portent had occurred in India. The outlook was about as black as it could be. The flow of refugees continued unabated and by the end of March government agencies in East Bengal had already registered over 400,000 from India, and probably at least as many had crossed from East into West Bengal. The general nervousness had spread to other parts of India, and some 1,200 refugees from India were daily entering West Pakistan. This was human tragedy on a big scale. In this atmosphere a sigh of relief went up when it was announced that Mr. Liaquat Ali Khan had agreed to go to New Delhi to discuss the situation.

The Prime Ministers' Agreement

THE talks of the two Prime Ministers ended on April 8. They were regarded as highly successful, and an immediate drop in temperature resulted. The agreement had two aspects, general and particular. It dealt with the problems generally confronting the minorities in both countries, their fundamental rights and the adoption of measures to prevent communal disorders. In its particular aspect it dealt with the special problems affecting the minorities in East and West Bengal and Assam. Both Governments reaffirmed that minorities were entitled to the enjoyment of all the rights laid down in the Constitution of India and in the Objectives Resolution passed by the Constituent Assembly of Pakistan as the first and most fundamental step in the formation of Pakistan's constitution. Although Pakistan is sometimes described as a theocratic State, because it is admittedly an Islamic State, the Objectives Resolution does guarantee complete equality of citizenship irrespective of religion, and Mr. Liaquat Ali Khan affirmed that the protection of minorities would be regarded as a sacred duty by his Government. At the same time it was emphasized in the agreement that the allegiance and loyalty of the minorities was, as obviously it must be, due to the State of which they were citizens, and it was to the Government of their own State that they should look for the redress of their grievances.

Coming to more particular matters, the Prime Ministers agreed to make special efforts to prevent dissemination of propaganda tending to incite war, to suppress false propaganda of every description and to ensure that persons who take part in disturbances and are found guilty of offences against person and property should be severely punished. The Central Government of each country is to depute a Minister to the disturbed areas to help to restore confidence among the minorities and to ensure that the provisions of the agreement are implemented. Ministers representing the minorities are also to be appointed in the Cabinets of West Bengal, Assam and East Pakistan. Minority Commissions, too, are to be set up in each of the provinces to suggest ways and means of meeting such difficulties as may arise in the implementation of the agreement.

The agreement has been very well received, both at home and abroad, and both Prime Ministers have earned the plaudits of the world. Yet it would be premature to say, with any assurance, that India and Pakistan are safely out of the wood. The press, which in Pakistan, at any rate, has been conducting itself impeccably ever since the *détente*, does not breathe a word of scepticism or doubt; but the average Pakistani, in private conversation, will say that the course of events during the next two months will prove how far the agreement is to be translated from words to the realm of action. Pakistan is, no doubt, solidly behind Mr. Liaquat Ali Khan, but how far does West Bengal submit to the orders of Mr. Nehru? An ominous answer to this question is provided by the resignation of the two Bengali Ministers in the Central Cabinet of India. It is not altogether surprising that Pakistanis, while they hope for the best, are still inclined to go on preparing for the worst. Nevertheless, the general outlook is perceptibly brighter.

Trade and the Rupee

TRADE talks between the two countries took place in this happier atmosphere, but it must be admitted that the results were slightly disappointing to the business community. The main obstacle, of course, was that the Government of India remained adamant in its refusal to recognize the par value of the Pakistani rupee, while the Government of Pakistan refused to discuss any compromise on this point. The main achievement of the talks was the ratification of what has been referred to in the last two or three months as the "jute deal", which, after protracted negotiations, had been provisionally agreed upon between the Pakistan Jute Board and the Indian Jute Mills Association. Under this arrangement Pakistan is to supply 800,000 bales of raw jute to the Indian Jute Mills Association and, in return, is to receive jute manufactures, cotton goods, mustard oil, tobacco, steel sheets and other essential requirements. Payment for these goods will be made in Indian rupees, sold by the banks at the authorized selling rate, while the proceeds of Pakistan's jute will also be credited in Indian rupees to a special account maintained by the State Bank of Pakistan in India. The intention is that the value of the goods purchased by Pakistan shall, as near as possible, be equal to the value of the jute purchased by India, and to this extent the deal can be described as a barter arrangement. In addition to this,

the trade agreement provides for regular barter of certain specified commodities. Both Governments have agreed that trade in such commodities shall be permitted to take place without import, export and exchange restrictions on either side, but only to the extent that traders in either country are able to finance exchange of goods without assistance from either Government in the shape of release of foreign exchange. The first reactions of reputable firms are by no means favourable to this arrangement, and it is felt that it opens the door to a good deal of hole-and-corner work by less scrupulous firms. There may, however, be a useful opportunity for legitimate trading by firms which hold assets in both countries or which have branches in both countries.

From the Pakistani point of view the main advantage of the agreement is that it enables the Government of Pakistan to divest itself of some of its surplus jute. Out of a crop of about 5 million bales, Pakistan found itself at the end of March with a little more than 2 million bales still to dispose of in the final quarter of the jute year. Most of this balance consists of low-grade jute, which is normally only utilized by the Indian mills, and, if no deal with India had been arranged, the Government would have been left with a very serious problem of finance, insurance and storage. There will still be a carry-over of raw jute at the end of the season, but it will now not be unmanageable.

Kashmir and Afghanistan

SUCH has been the preoccupation with the Bengal situation that the Kashmir dispute, fundamental as it is, has received little attention. The appointment of a mediator by the United Nations, who would supervise demilitarization on the basis of the principles of the McNaughton Plan, was regarded in Karachi as a step in the right direction. But here again, Pakistanis fear that there is little chance of India's co-operating sincerely with the mediator, since the Indian representatives at Lake Success had already rejected the McNaughton Plan, and Shaikh Abdullah, the Prime Minister of Indian-occupied Kashmir, has openly declared himself hostile to any arrangements based on that plan. Some observers are also heard to ask why it should be supposed that a single mediator—even a man of the calibre of Sir Owen Dixon—would succeed where the UNCIP had failed.

The visit of the Shah of Iran had considerable political importance, for the two countries are neighbours not only of each other but of Afghanistan, which is still pursuing its inveterate enmity towards Pakistan. The Shah personally created an excellent impression and his visit became something of a national festival; it provided an opportunity for the Pakistani Armed Forces to show their paces, which they did in a manner proving that there was no falling off in the maintenance of the traditions of the old Indian Army.

In the Commonwealth sphere, some important developments took place. The ban on trade with South Africa was lifted in February, not without political qualms; feelings on the subject of the Union's racial policy had, however, never been very strong in Pakistan, for there are hardly any Pakistani Muslims in that country, and South Africa's ample supplies of good quality and reasonably priced coal proved a tempting bait in the awkward

situation caused by India's stoppage of coal supplies. Another notable landmark in the history of Pakistan was the abolition of appeals to the Privy Council. From May 1, 1950, the Federal Court of Pakistan will become the final judicial tribunal for both civil and criminal appeals.

The British Industrial Mission, led by Lord Burghley, made a very successful tour of Pakistan. The political and commercial value of the mission would, no doubt, have been higher if it had been sent to Pakistan two years ago when the new Dominion was still feeling its way, had not formulated most of its industrial plans and had not received trade missions from so many European countries. Nevertheless, many useful contacts were made between Pakistani business men and the industrialists of high rank who accompanied Lord Burghley, and the mission's report should be helpful to the Pakistani Government as well as illuminating to Whitehall. Foreign capital still remains shy, the main reason for this being the unsolved Kashmir dispute, and the mission made it quite clear that no improvement in this respect could be expected until Indo-Pakistani relations were on a happier footing.

Finance

THE main feature of the Central Budget, once more, was the high level of defence expenditure. Out of a total revenue of Rs. 116 *crores*, defence expenditure (lumping revenue and capital expenditure together) accounts in 1950-51 for no less than Rs. 75 *crores*. The Finance Minister was able to present a balanced budget so far as the revenue account was concerned, but capital expenditure, as in India, is not provided out of taxation and is running down the cash balances. Mr. Ghulam Mohammed yields nothing in austerity to Sir Stafford Cripps and, although he announced some reduction in super-tax at the highest levels, he at the same time abolished the distinction between earned and unearned income for this purpose, with the net result that the majority of super-tax payers will pay even more than they have been paying for the last three years. Income-tax rates remain unchanged. The era of confiscatory taxation has, therefore, not yet passed, and this is another deterrent to industrial investment. A further disappointment in the budget was that no provision was made for the reduction of export duties, but these are possibly retained for use as bargaining counters in negotiations with India. Business Profits Tax, which in India was first reduced and then scrapped altogether, has been retained for another year. Capital Gains Tax has, however, been abolished. One of the most satisfactory features on the revenue side was the notable improvement of the railway finances. Instead of the estimated deficit of Rs. 82 *lakhs* under this head, the current year closed with a surplus of Rs. 3 *crores*, and a surplus of Rs. 4 *crores* is expected in 1950-51. The general conclusion to be drawn from the budget is that, if the crippling defence expenditure could be reduced, Pakistan's financial position would be very sound and direct taxation could be appreciably reduced.

Pakistan,
May 1950.

CANADA

ALBERTA STRIKES OIL

THE discovery of very rich oilfields in the western province of Alberta has been the outstanding economic development in Canada since the close of the late war and promises to fill what has been a serious lacuna in the national economy of the Dominion, namely, a lack of adequate and satisfactorily distributed supplies of fuel. Such coalfields as were in operation lay, apart from one small field of inferior quality, either on the Atlantic seaboard or in the western provinces of Alberta and British Columbia, and high costs of transportation forbade any extensive use of their output in the central provinces of Ontario and Quebec, the chief centres of industry, which have relied mainly for their supplies of fuel upon imports of coal and oil from the United States. In 1948 Canada's production of crude oil was only about 8 million barrels, a tiny fraction of her annual requirements, which had mounted steadily to exceed 80 million barrels.

It is true that oil had been discovered at Oil Springs in south-western Ontario about the same time as the famous pioneer well, which started the oil industry of the United States upon its spectacular career, was brought into production at Titusville in Pennsylvania in 1859. In this region of Ontario oil has been produced more or less continuously up to the present time, but its aggregate production has never been large, rarely exceeding a million barrels per annum. Later, small quantities of oil were secured in New Brunswick at extravagant cost; and high hopes entertained about an oilfield in the Turner Valley south-west of Calgary, which was first discovered in 1914, and, after showing a large output of natural gas, began to yield oil in paying volume about 1936, were not realized. It has produced up to date about 100 million barrels of oil, but most of the wells in this valley have now run dry and in 1946, even with the addition of the output of some other small fields, of which the most important was at Norman Wells, 90 miles south of the Arctic Circle, the aggregate oil production of Alberta was only about 7 million barrels.

But the confidence of geologists and oil experts that somewhere in the 475,000 square miles of Canadian land, in which the geological structure indicated the possibility of subterranean pools of oil, a valuable oilfield could be discovered, induced the Imperial Oil Company, the Canadian affiliate of the great American oil corporation, the Standard Oil Company of New Jersey, to persevere with the search for oil on the western prairies, where the possibilities of success seemed greatest. Other companies pursued the quest more fitfully. But for years the results were very disappointing. The Imperial Oil Company had actually drilled 134 wildcat wells with meagre results for an expenditure of 23 million dollars before in February 1947 it secured the first real recompense for its huge outlays when it brought into production at Leduc, some 20 miles south-west of Edmonton, the capital of

Alberta, a very rich oil-well at a depth of 5,500 feet. Its discovery changed the whole outlook for the seekers for oil, and their quest was pursued with redoubled energy. They soon discovered an extension of the Leduc field at Woodbend, some 4 miles northward, and an even more promising field at Redwater about 35 miles north-west of Edmonton. Then in 1949 there was a more important discovery of oil at Golden Spike, where a well showed a much thicker oil-bearing stratum, 550 feet, than any of its predecessors. These four oilfields are to-day accepted as having thoroughly proven richness; and other discoveries of oil at Stettler, Bon Accord, Joseph Lake, White Mud and Barrhead are rated as showing very promising potentialities. The search for oil has also extended into Saskatchewan, but so far the only tangible result has been the discovery of a field at Lloydminster, which yields very heavy oil of moderate value.

The reserves of the Leduc and Redwater fields are tentatively estimated at respectively 250 and 500 million barrels and, in view of the even greater possibilities of the Golden Spike pool, authoritative experts place the known reserves of oil in Alberta already at 1,500 million barrels when only a fraction of the potential oil-bearing area has been properly explored. As a consequence there is a feverish competition afoot for oil lands and rights. Everybody in Alberta from hotel boys upwards talks oil, and in oil stocks there is in progress a frenzied speculation, though many people have made considerable fortunes.

At present the monthly output of oil in Alberta is running at the rate of 1,500,000 barrels per month, which is more than sufficient to saturate the market economically accessible at the moment; it is therefore being deliberately kept down on account of lack of facilities for storage and distribution. But these drawbacks are in process of being remedied. The Imperial Oil Company, which has directly or indirectly under its control some 9 million acres of oil lands in the West, is more interested than any other company in getting wider markets for its product. So a subsidiary, the Interprovincial Pipe-Line Company, which it has formed has secured authority for and begun the construction of a pipe-line which will run a distance of 1,150 miles from Edmonton via Regina, Sask and Gretna (Man.) to the lake port of Superior in Wisconsin, U.S.A., where the oil will be transferred to mammoth tankers. The construction of this pipe-line, which will carry about 95,000 million barrels per day, as far as Regina and 70,000 barrels from that point to Superior, will cost about 90 million dollars; but when it comes into operation in 1951 it is expected to reduce to \$1 per barrel the cost of conveying oil from the fields in Alberta to Sarnia (Ont.), where the chief refinery of the Imperial Oil Company is located, from its present level of \$3.25 per barrel for rail charges. Oil from Alberta will then become competitive in eastern Canada with American oil from Oklahoma and Texas. The bonds of the pipe-line company carry rights of conversion into common stock, and such is the optimism of the speculative fraternity about its future earnings that these bonds with a face value of \$100 each were being bought at \$300 a few weeks after their issue.

Restoring the Dollar Exchange

THE discovery of these rich oilfields in Alberta promises very beneficial fruits for the whole of Canada. In 1947 Canada spent on purchases of American oil some 247 million dollars; this large outlay has every year made a very serious contribution to her deficit in the trade exchanges between the two countries, which has involved her in difficulties about her reserves of gold and American dollar exchange. But a relief from this strain has already come from two sources—a reduction of about 90 million dollars in her expenditure for American oil in 1949 and the heavy inflow of new American capital for investment in western oil properties. So there is now an excellent prospect that Canada's oil resources, when they are developed to a point that may make her self-sufficient in this commodity, will enable Canada's dollar to regain parity with the American dollar and give her a better bargaining position in regard to future trade arrangements, especially since the United States may come to need Canadian oil. And the authorities who are responsible for Canada's defence are also delighted at the prospect that they will hereafter have available abundant supplies of an essential war material at a place where they cannot be easily damaged by aerial attack.

But meanwhile the Province of Alberta is the chief beneficiary of its new oilfields. For one thing there has already been a considerable reduction in the local cost of oil, which lowers the cost of living. Then it happens that the provincial government is the owner of about 85 per cent of the oil rights in lands in the province and as a result its overflowing treasury is the envy of other provincial governments. It has followed a wise policy of not allowing any company to pre-empt a solid block of oil rights in a township, but has reserved for future disposal a part of each, so that, if the exploiting company brings a good well into production, the value of the holdings retained by the Government will be greatly increased. As a result it has been able several times to sell for more than a million dollars a quarter section (160 acres) of oil rights and, as it retains in all cases certain royalty rights, its returns from oil rights now provide about 30 per cent of the provincial revenues.

But the availability of large additional revenues for the reduction of taxation and for expenditures upon roads, education and projects of social reform is only one of the benefits which will accrue to Alberta. The increase of the province's population had since 1930 been proceeding at a very slow pace and, from a peak figure of 826,000 reached in 1945, it actually fell to 803,000 in 1946. Now not only has this ominous decline been arrested, but an estimate of the population in midsummer of 1949 placed it at 846,000, which was a gain of 5 per cent in three years. In the past the chief buttresses of Alberta's economy have been grain-growing, cattle-raising and coal production, but now a diversified structure of industry seems assured. Mr. Manning, the provincial Premier, has stated that in 1948 there were, as an outcome of the development of the oilfields established in Alberta, 32 new industries, which represented a capital investment of about 30 million dollars and employed 1,200 workers; 1949 is said to have witnessed an equal reinforcement of the province's industrial equipment, while as oil production increases the establishment

of more industries based upon oil can be easily foreseen. Meanwhile the two chief cities of Edmonton and Calgary, which in their comparatively brief lives have experienced a number of booms, are enjoying one which puts all its forerunners in the shade. Furthermore, a rapid expansion of the population of Alberta will have political consequences. In recent years Ontario, Quebec and British Columbia have been the provinces which have shown the greatest increase in their population; and the last Federal Redistribution Bill, passed in 1948, being based according to the constitution upon the provincial quotas of population, produced a decline in the weight carried by the representatives of the prairie provinces at Ottawa. But any substantial increment for the population of Alberta would help to rebuild the political influence of the prairie provinces at Ottawa, and the hopes now cherished by the French-Canadians that they can achieve at no distant date a permanent supremacy in the Federal Government of Canada would receive a set-back.

Exploitation and the Need for Capital

OPINIONS naturally vary about the exact potentialities of Canada's western oilfields, but, since the prospective oil-bearing areas of the country amount to about one-third of the comparable area in the United States, optimists are suggesting that Canada can ultimately produce 20,000 million barrels of oil, which is an enormous quantity. But only complete confidence that vast resources of oil are waiting to be tapped would induce companies of great experience in the oil industry to contribute the greater part of the 100 million dollars which are being spent this year on the prairies in oil exploration and development.

Mr. Joseph Pogue, a Vice-President of the Chase National Bank of New York, has estimated that an expenditure of about 1,000 million dollars will be required to bring the production of Canada's oil industry up to 400,000 barrels per day. Now such an amount of capital is completely beyond the resources of the Canadian people, and very little hope of securing much capital from Britain can be cherished. So it is quite plain that most of the "risk" capital for the western oilfields will be furnished from American sources. Already most of the leading American oil corporations have acquired large holdings of western oil lands, and they are constantly buying up more. Indeed it is estimated that American interests to-day control at least 80 per cent of the oil developments in the West and it is now too late for their supremacy in them to be effectively challenged. As a result there are fears in some quarters that Alberta's riches in oil will be exploited primarily for the benefit of the United States.

During the present session of Parliament two private Bills, which are supposed with good reason to be promoted by powerful American interests, sought authority for the construction of separate pipe-lines, planned to run from the oilfields of Alberta to the American frontier and across it. In these Bills the exact routes were only vaguely specified, and their passage has been so far persistently blocked by a group of members, chiefly from British Columbia, who demand, before they consent to their passage, assurances that these two pipe-lines will follow routes through British Columbia, which will

enable them to supply Alberta's cheap oil to a number of communities eager to obtain it. But one consequence is certain, that the investment of enormous fresh sums of American capital in western Canada will increase materially the intertwining of the economic interests of the two countries. It is a thousand pities that Britain is no longer in a position to reap benefits from the judicious investment of her capital in these great new resources of the Commonwealth.

THE NEW GOVERNMENT AND FINANCE

THE Federal Parliament of Canada adjourned on April 5 for an Easter recess with a comparatively meagre record of accomplishment to its credit. The three parties in opposition, encouraged by their success in keeping a Ministry backed by an overwhelming majority in both Houses upon the defensive during most of the previous session, continued to assail the Government about the inadequacy of its policies in regard to the shrinkage of foreign trade, defence, unemployment, housing and the high cost of living; but their attacks were usually from different angles and only on rare occasions were they able to present a united front. On the other hand, Ministers had profited by the castigations inflicted on them last session and were careful to avoid a repetition of the errors of judgment and high-handed tactics which had involved them in considerable discredit in the country. Academic debates consumed much of the time of the House of Commons, and the only important legislation passed consisted of measures for the enlargement and regularization of the Government's programme of support for the prices of farm products and the continuance of Federal rent control for another year.

The budget, which the Minister of Finance presented on March 28, estimated the total revenues for the fiscal year 1949-50 at 2,549 million dollars and the total expenditures at 2,438 million dollars, and therefore showed a nominal surplus of 111 millions, which was some 24 millions higher than the forecast of the previous budget speech. It also claimed that during the year 486 million dollars had been applied to the reduction of the national funded debt, for which the estimate as of March 31 was 11,665 million dollars, and that the reserves of gold and American dollars had undergone an encouraging increase to 1,204 million dollars from the low point of below 500 dollars reached in December 1947. On the assumption that economic activity and employment would be maintained at their present satisfactory level, the Minister of Finance, estimating revenues for 1950-51 at 2,430 million dollars and expenditures at 2,410 millions, forecast a modest surplus of 20 million dollars. The changes in taxation and tariff duties decreed by the budget were comparatively few and not of major importance, but the Winnipeg Free Press has strongly criticized two changes in the tariff, which raise the barriers against imports from Britain. One of these imposes a duty of 15 per cent on British tinplate, which has been free of duty, for the purpose of implementing a bargain reached with the Government of the United States at Geneva; the other wipes out the discount of 10 per cent which had been conceded in the British preferential rates on goods subject to a duty of

not less than 15 per cent. The Free Press attacked the Government for raising obstacles against British goods at a time when Canadian producers were losing markets in Britain, because the British lacked dollars to pay for their products, and ended its editorial thus: "Surely no action can be more wrong-headed than to hurt British exports to Canada at the present time".

But the disclosure of the budget that the expenditures for 1950-51 would, when the usual crop of supplementary estimates was added, exceed the figure for the previous fiscal year has supplied convincing evidence that Ministers' professions of a zeal for economy could not be taken seriously. Moreover, the disquietude about governmental extravagance was fanned by a memorandum published by the Auditor General in which he alleged that the deplorable laxity of the methods employed in framing estimates prevented an intelligent consideration of them by Parliament. Fortified by this memorandum the Senate has decided to exercise its right to examine and criticize the national balance-sheet. So it has appointed a steering committee, which has allocated to the nine standing committees of the Upper House the tasks of investigating the expenditures of the departments with whose activities these committees are concerned; and the latter are empowered to call for all relevant documents and summon responsible civil servants to explain and justify expenditures which are called in question. Furthermore Mr. Drew, the Progressive-Conservative leader, has demanded publicly the appointment of a Royal Commission, which would, on the lines followed by the American Commission headed by ex-President Hoover, make an exhaustive investigation of administrative arrangements and practices and recommend reforms in them, which would cheapen the present high cost of government. The Minister of Finance, sensing that the public accepts as valid the charges about governmental extravagance, has promised sympathetic consideration to this proposal.

Constitutional Amendment

BEFORE the parliamentary session began a Dominion-Provincial conference was able to make further progress towards the solution of the problem of securing for Canada power to amend her Constitution by her own action, and therefore full control of it. The proceedings of this conference were unexpectedly harmonious and produced no acute dissensions such as would make the prospect of the attainment of its goal dim. There was unanimous acceptance of a report by a sub-committee that for the purposes of future amendments the provisions of the Constitution as embodied in the British North America Act should be divided into five separate categories with a separate procedure worked out for each; and a special committee, consisting of the Federal Minister of Justice and the Attorneys General of the ten Provinces, was entrusted with the task of devising a formula of procedure about the amendments of these different categories. This committee will ascertain the views of the Provincial Governments on the subject, and when it has compiled a report the Dominion-Provincial Conference will be reconvened to examine it.

There are also indications that this conference may be invited by the St.

CANADA

Laurent Ministry to discuss the problem of the reform of the Senate. It has been forced upon the attention of the Government by a realization that the Senate, as at present composed, is unable to perform its functions efficiently and is ceasing to command any authority or respect in the country. Since 1935 all its members appointed for life have been faithful Liberals and, as a result, in a House of 102 members, a feeble Progressive-Conservative opposition, reduced by deaths to 14 members of whom half are elderly invalids, unable to attend regularly, is quite incapable of sustaining a decent debate against a phalanx of 75 Liberal Senators, whose number can be increased at any moment to 88 by the filling of 13 seats now vacant. Furthermore, neither the C.C.F. nor the Social Credit party has a single spokesman in the Upper House. So schemes of senatorial reform are being canvassed in the press and it is forecast that the Government may begin the process of reform by handing over the nominations for 16 seats in the Senate to the Provincial Governments and fixing an age limit of 70 or 75 years for the retirement of all Senators appointed in the future.

Canada,
May 1950.

AUSTRALIA

POLICY IN THE PACIFIC AND SOUTH-EAST ASIA

FOllowing the statement on Australian foreign policy by the new Minister for External Affairs, Mr. P. C. Spender, the present moment is opportune for a review of Australia's problems in the Pacific and South-east Asia. The principles of policy may be summed up as:

1. National security in the face of the thrust of Communism in Asia.
2. Support for the British Commonwealth, bearing in mind "fundamental changes" in the last ten years.
3. The closest possible relations with the United States of America.
4. Acceptance of obligations to the United Nations, having regard to the extent to which, in the present circumstances, the United Nations could exert real influence for the maintenance of world peace.

These principles are interrelated and—without the reservations—were also laid down by Dr. H. V. Evatt for the foreign policy of the Federal Labour Government.* The difference arises from the order of priority for diplomatic action. Diplomacy, like navigation, has to take into account not only fixed points but the continually changing current of events. The Australian Government has charted the course of its foreign policy with reference to the new situation emerging in East Asia owing to the rise of Communist China. The statement of policy follows the Commonwealth Colombo Conference and must be read later in the light of the American Bangkok Conference and the terms on which a peace settlement with Japan is reached.

Labour Foreign Policy

AUSTRALIAN foreign policy since the war has been marked by considerable independence of action. The Federal Labour Government emphasized the continuation of war-time Allied co-operation into post-war international affairs by supporting the establishment and development of the United Nations. This trend was accentuated by Dr. Evatt's political ideas and personal gifts, which gained him a conspicuous rôle in U.N. Australia's early leadership of the "middle nations" added to her prestige and could be taken to benefit Australian national interests, as long as problems directly affecting Australia might be solved at the international level. For this reason, and also because it was consistent with the traditional opposition of the Labour party to political or financial influence from outside, Dr. Evatt's active diplomacy received the full support of the Labour Government.

After the open rift between the Soviet Union and the Western Powers in 1948 Dr. Evatt's concentration upon U.N. affairs was largely frustrated, and it might have been better had he turned his energies to problems in the Pacific and South-east Asia which concerned Australia more closely. This, in

* See *THE ROUND TABLE* for June 1949, No. 155, pp. 281-7.

fact, was the tenor of Liberal party and Country party criticism of his conduct of foreign affairs,* and the new Government apparently lays less stress upon diplomatic activity in U.N. Yet a change in the order of priority need not involve neglect of U.N. Though at present the forum of disagreement, U.N. could become the forum of agreement, if circumstances should reconcile the Soviet Union and the Western Powers. In any event, U.N. still retains its place in the procedure of international negotiations, and regional arrangements are made within the framework of its organization.

The Labour Government kept strictly in step with the United Kingdom in Commonwealth matters, especially in financial policy. This may be attributed not only to the traditional relations and common interests of the two countries but to the similar conceptions of economic policy held by the two Labour Governments in the post-war period. The United Kingdom accepted Australia's independent approach to U.N. questions and her claim to a prominent rôle in Pacific affairs. The new Federal Government has shown less readiness to accept the British Government's lead on economic questions, for example, over petrol rationing, but maintains the principle of close co-operation with the United Kingdom which has been traditionally part of the Liberal and the Country-party policy. Events as already shown at the Colombo Conference will continue to give Australia a leading rôle in Commonwealth policy in South-east Asia and the Pacific.

In its relations with the United States of America the Labour Government was charged with having missed opportunities to strengthen the close ties that existed between the two countries at the end of the war. The case of Manus Island, which the U.S.A. used as a war-time base and which under continued American occupation would have provided a strong outpost in Australia's defensive screen, is cited in this connexion. Actually, Dr. Evatt has denied that Australia's attitude in negotiations caused the U.S.A. to withdraw from this base, and there is little doubt that U.S. strategy in the Pacific was at that time preoccupied with plans for development farther north. Any failure in promoting co-operation with the U.S.A.—as suggested, for example, by the delay in arrangements about the Fulbright Agreement and the Double Taxation Agreement—may be attributed to lack of enterprise on the part of the Labour Government in searching for points of contact, wherever they could be found, which would lead to the development of closer political relations. In any event, the new Federal Government, whose members whilst in opposition made criticisms along these lines, has stated emphatically its desire to collaborate with the U.S.A., and the recent trend of events in the Pacific and South-east Asia provides both a greater incentive and a more favourable opportunity for it to do so.

The Anzac Arc

THE Labour Government initiated important regional developments in the neighbouring area of the South-west and South Pacific, which is vital to Australia's security. In 1944 the Anzac Pact defined a zone of defence "based on Australia and New Zealand, stretching through the arc of islands

* See *THE ROUND TABLE* article cited above.

north and north-east of Australia" and set it broadly "within the framework of a general system of world security". Since that time the international situation has worsened, and Soviet power in the East has increased with the rise of Communist China and the threat of Communism to South-east Asia. It is now necessary to integrate the Anzac arc with strategic arrangements in the Pacific and in South-east Asia, particularly in association with the U.S.A. That is the problem of which Manus Island formed a part.

American strategy in the Pacific, broadly stated, is to contain Soviet power in East Asia, and Communist influence from China, along a line extending from Alaska to Japan and Southern Korea, through Okinawa to the Philippines and covering Indo-China and Siam, until it meets the British position based on Malaya, Burma and the Indian sub-continent. In operations this line would be supported from the U.S.A.'s Central Pacific bases, and Australia could provide facilities and supplies for the South-west Pacific segment.

Just as the war made Australia a major base for the U.S.A. and Britain in operations in the South-west Pacific and South-east Asia, so her geographical position, her territorial extent and her industrial strength remain permanent factors of strategy in this region.* We may note as examples of what was done during the war the Captain Cook Dock at Sydney and the establishment of strategic aerodromes in many parts of the country. Like India, which provides similar strategic advantages, Australia can contribute substantially in return for what she will receive. The value of regional integration gave point to the visit in January 1950 of Lieut.-General G. E. Stratemeyer of the U.S. Air Force in the Far East. Yet Australia's military significance is still minor in a situation dominated by major Powers. This significance can be increased by further economic development, especially in Northern Australia and—as far as its resources and conditions allow—in New Guinea. In fact Mr. R. G. Casey, as Minister for National Development, can assist fundamentally in Australia's foreign policy.

Australia and South-east Asia

WITHIN the Anzac arc we should take more account than is usually done of the work of the South Pacific Commission which, on a research and advisory basis, aims at co-ordinating British, American, French, Dutch, Australian and New Zealand policies for improving living conditions in the islands under their control. True, this regional organization will not solve any immediate major Pacific problems; but it has long-term importance for an area contiguous to Australia, and also immediate political point in setting a precedent for similar developments, if these are desired, at the Indonesian end of the arc. The effect is already to be seen in the recommendations of the Colombo Conference, which we treat below. In any event, Australia's support of the South Pacific Commission morally strengthens any political initiative she may take in South-east Asia.

The Labour Government seems to have aimed at encouraging regional associations in the area between Australia and India. This policy was reflected

* See *THE ROUND TABLE* for December 1945, No. 141, pp. 35-9.

in Australia's support of U.N. procedure in Indonesia and, especially, in her participation in the New Delhi Conference on Indonesia in January 1949. But the situation was not ready for any concrete development, and, in fact, still lacks the stable interrelations which would make such developments possible. Further, the Labour Government's policy suffered from inconsistency. While Dr. Evatt practised neighbourliness in South-east Asia by goodwill missions and by scholarships in Australia for Asiatic students, unduly harsh application of the Immigration laws in individual cases by Mr. A. A. Calwell, the Minister for Immigration, brought unfavourable publicity in South-east Asia. India, as Pandit Nehru has stated, and the smaller Asian countries—sensitive as their peoples are to the conflicts and enmities that have accompanied Indian and Chinese immigration—may concede the right of any nation to restrict immigration; but any signs of colour prejudice in the "White Australia" policy provide a ready source of resentment. Mr. H. E. Holt, the new Minister for Immigration, has the task of mitigating the effect of our migration policy on our foreign relations.

An immediate problem is that of Dutch New Guinea, about which perhaps Australian diplomacy might have done more while the Indonesian situation was fluid. The new Federal Government, regardless of any previous opinions its members may have held, has welcomed the establishment of the United States of Indonesia; but this is not inconsistent with support of the Dutch claim to retain Dutch New Guinea. Although Australia has no formal right in the matter, the future status of Dutch New Guinea is properly regarded by the Government as a matter of vital interest to Australia on which she may claim to be consulted.

The impulse to regional co-operation will come—if it comes at all—from immediate considerations of security. At the Colombo Conference Mr. Malcolm Macdonald, the British Commissioner General in South-east Asia, spoke authoritatively on the urgent necessity for preserving stable government in South-east Asia against Communist influence from China working through a "fifth column" of local Communists and Chinese sympathizers. Recognition of Vietminh in Indo-China by the Soviet Union and Communist China confirms his warning. The failure of Vietnam, Cambodia and Laos would endanger Siam and Burma, and bring Communist power to the frontiers of India and Pakistan. The position in Malaya shows little sign of improving and may ultimately call for help from Australia. We can no longer think that economic policy unaided will render Communism unattractive to the peoples of East Asia: it is now essential first to maintain political stability in the face of pressure from China, especially in Indo-China and Burma, so that economic measures themselves become practicable. This calls for political support, economic help and (if need be) military supplies from the U.S.A., and raises the question of a Pacific Pact.

Australian policy in South-east Asia assumes new importance in view of the moves supported by the Australian Government for such a pact. Just as, in Europe, Western Union preceded the North Atlantic Pact, so, in the Pacific, the U.S.A. will enter a wide regional arrangement only after previous agreement among the Governments of South and South-east Asia. Australia may

act as "honest broker". This requires not only that the Australian Government should inspire general confidence in its foreign policy among the Asian Governments, as we have indicated above, but that it should study its relations with Britain and the Commonwealth nations of the Indian sub-continent on the one hand and with the U.S.A. and Japan on the other, with special reference to regional developments between the Pacific and Indian Oceans.

The Colombo Conference

THE Colombo Conference met to review the political and economic problems of South and South-east Asia, on the grounds that "although world problems are indivisible, Asia is at the moment the main focus of interest and an area of special urgency".* In effect, the discussion of policy concentrated upon problems that are of special interest to Australia, and the Australian delegation was foremost in urging the provision of consumer goods, technical advice and assistance, capital equipment and, where necessary, sterling loans to countries in the region. We may note the proposal to establish a Consultative Committee, representing the Commonwealth Governments, which the Australian Government invited to meet first in Australia. Its proposed terms of reference are significant:

1. To receive from Governments an indication of the action they consider it feasible to take in response to the Conference recommendations.
2. To approach Governments outside the Commonwealth for collaboration.
3. To examine methods of co-ordinating developmental activities in South and South-east Asia in order to increase production and raise living standards, in association with international and regional organizations concerned.
4. To study the desirability of promoting international commodity agreements for basic products, which would benefit the area, for consideration under the Havana Charter.
5. To consider whether the economic development of under-developed parts could be assisted by a co-ordinated plan of development and by special machinery.
6. To make consequential recommendations to Governments.

These terms include projects continually suggested by experts on the economic problems of South and South-east Asia. Most interesting from the Australian angle is the fact that the Consultative Committee is an adaptation to the particular situation not only of earlier suggestions for a Commonwealth "secretariat" but of the procedure followed in the South Pacific Commission.

The extension of co-operation to countries on the margin of the Commonwealth is important, especially in the case of Burma. In the economic sphere India, Pakistan, Ceylon and Burma have natural affiliations, and Burma is strategically a key point in South-east Asia. A promising sign is the joint loan to Burma by Britain, India, Pakistan, Ceylon and Australia from their London sterling balances.

* See *THE ROUND TABLE* for March 1950, No. 158, pp. 110-13.

The difficulties of implementing the suggestions of the Colombo Conference are not to be underestimated. The dispute between India and Pakistan, with its disastrous economic consequences, is a warning.* In her position as a major base, the Republic of India can make or mar any developments for stability and security in her region. Her determination to follow her own line without such political or military ties as may be involved in a pact joined by the Western Powers is an initial obstacle. Further, the readiness of her neighbours to co-operate with India depends upon their confidence that she will allow to others, weaker than herself, the freedom she demands from the Western Powers. Yet the very force of circumstances may bring co-operation, and if Australian diplomacy can help in promoting goodwill to this end it will serve the interests of the British Commonwealth as a whole.

The Bangkok Conference

THE strategic aims of the U.S.A. have been indicated above; but these strategic aims presuppose political arrangements. The U.S.A. has traditionally opposed old-fashioned "colonialism" and encouraged nationalist aspirations and independence in Asia—witness her policy in the Philippines—and her policy both in U.N. and in South-east Asia still follows this tradition. At the same time American interests do exercise a certain pressure—even at present in economic relations with the Philippines—and U.S. diplomacy has therefore to avoid incurring charges of "dollar imperialism". Also, other countries may not subscribe to the clear-cut American view of ideological opposition to the Soviet Union with its implications for the treatment of foreign policy. We see this in the reluctance of the Republic of India to enter regional arrangements which may take on a military character.

For these reasons the U.S.A. has to move cautiously, as she has done in refusing to intervene in Formosa; and President Truman has continually laid stress on United Nations procedure and his Point Four policy of aiding under-developed countries to improve their living conditions "in peace and freedom". Although the strategic problems in East and South-east Asia are urgent, the U.S.A. has to wait until liberal diplomacy and the force of circumstances bring the non-Communist countries together. It is important for this policy that in Indo-China, which holds the key to strategy in South-east Asia, the new autonomous Governments of Vietnam, Cambodia and Laos are closely tied to France, and that both their position and the French policy behind it need American support. Thus the U.S.A. has the opportunity on request to take action at this particular point to maintain the situation while wider regional association is being developed. The general situation is reflected in the discussions held at the Bangkok Conference.

That conference of U.S. Far East diplomats met in February 1950 to discuss "the affirmative steps" which the U.S.A. could take "to carry out its announced policies of extending friendly support to the states in Asia which may desire such assistance", especially to Governments fearing the effect of

* It is interesting to note that Sir Owen Dixon, a Justice of the High Court of Australia and formerly Australian Minister to Washington, has been appointed United Nations Mediator in the Kashmiri dispute.

advancing Communism upon their own position. The discussion covered general economic and financial problems, the Point Four programme of technical help, questions of Japanese trade with Asian countries and the U.S.A., and the Japanese peace settlement. In regard to regional association the diplomats reported on the views of the various countries to which they were accredited. Specific requests for aid were studied in relation to the conditions in South-east Asia as a whole. The U.S. recognition of Vietnam, Cambodia and Laos came in for special attention. The recommendations of the Conference will be seen in the practical details of American policy.

The U.S.A., then, appears to have established her principles of policy in South-east Asia and is preparing to apply them. Immediate help can be given at particular points to check the Communist lever which is penetrating the political structure of South-east Asia. The next move is to strengthen the foundations as a whole by regional agreement. Then it may be possible to build up a Pacific Pact. But in this stabilizing process there is a complicating factor, by which Australia feels herself affected: that is, the place of Japan.

Japan

IN helping South-east Asia the London sterling balances will not provide enough, and in any event Britain cannot supply all the goods required. Dollars will effect more, through the strength of American production. The chief practical assistance could come from India and Japan, but India's contribution will hardly be adequate in time. Thus Japanese trade and industry can be considered an essential part of the American programme for the stabilization of South-east Asia, and U.S. policy may well take advantage of the developments in Japan under General MacArthur.

It will not be easy to reach agreement on the peace settlement with Japan. Apart from the Soviet Union's dispute with the U.S.A. over the representation of victorious Allies at the peace table, the countries which suffered directly under Japanese attack during the war may be more concerned than the U.S.A. about the future policy of a Japan economically restored and free from control over its foreign policy. Yet the U.S. case for the full restoration of the Japanese economy, especially on the side of heavy industry, is in the present circumstances as unanswerable as the Australian demand for guarantees against the resurgence of Japanese military power. Thus the prospective partners of the U.S.A. in a Pacific Pact may have to choose between alienating their powerful ally and accepting immediate aid and with it the later dangers to themselves involved in this ally's policy.

In such a situation open discussion is essential. The British Commonwealth, with Australia prominent, is therefore likely to press for an early peace conference rather than acquiesce in the drift towards a declaration of a state of peace for Japan without treaty negotiations. Final agreement will be helped by arrangements for integrating the U.S. strategic plans in the north with subsidiary defensive relations in the South-west Pacific, including the Anzac arc.

Australia,
May 1950.

SOUTH AFRICA

APARTHEID BEFORE PARLIAMENT

GOVERNMENT supporters assembled for the third session of the tenth Parliament of the Union in sombre mood as the result of the Malan-Havenga agreement* on the Coloured vote. Lobby talk that an arrangement was in sight acceptable to both parties was soon dispelled by the prompt reaction of the *Vaderland*, mouthpiece of the Afrikaner party, to an outburst by Mr. Eric Louw, Minister of Economic Affairs, at a public meeting in which he stated that the most important promise made by the Nationalist party to the electors was to put the Coloured voters on a separate roll, that he hoped Mr. Havenga would see his way clear to adopting this policy, that it would be a pity if the fruitful co-operation of the last twenty-one months should be spoilt, but that the Nationalist party was committed to carry out this policy. In reply to this the *Vaderland* sternly rebuked Mr. Louw, and indicated that legislation on non-European representation stands over by agreement between Dr. Malan and Mr. Havenga for this year "and possibly, according to the expectations of many people, till the end of the life of the present Parliament". Finally, it underlined the points of agreement between the parties in respect of Coloured representation and suggested that Mr. Louw left his hair-splitting alone and rather counted the advantages of the co-operation with the Afrikaner party. This contretemps, somewhat sketchily reported by *Die Burger*, the government mouthpiece, has been regarded by many as evidence of a more clearly defined difference of opinion between the government parties than has hitherto been noticed.

The Speech from the Throne sought to comfort disappointed Nationalist members by promising the implementation of the policy of segregation "by administrative as well as legislative means", and in fact an Immorality Amendment Bill and a Population Registration Bill have both been before the House. The first provides for the amendment of the Immorality Act of 1927, which imposed severe penalties (imprisonment for a period not exceeding five years) for illicit carnal intercourse between Europeans and Natives, in order to extend these penalties to all illicit carnal intercourse with non-Europeans. The avowed object of this Bill, read in conjunction with the Mixed Marriages Act of 1949, is to maintain the purity of the European race in South Africa by finally prohibiting intercourse in or out of wedlock with near-Whites.

The Population Registration Bill has as its objects the establishment of a National Population Register and the issue of identity cards to those whose names appear on such register. In addition, every person whose name is included in the register is to be classified as either a White person, a Coloured person or a Native, as the case may be. Classification into racial groups is initially the responsibility of the Director of Census and Statistics, but objec-

* See *THE ROUND TABLE*, No. 158, March 1950, p. 183.

tions either by the party concerned or by third parties to the classification of any individual must be referred to a board constituted under the Bill, from the decision of which an appeal lies to the Courts. Objections by third parties are to be on affidavit and the objecting party is required to deposit £10, which is to be forfeited if the objection is not upheld. If an objection is found by a board to be frivolous the objecting party may be mulcted in costs.

The identity cards to be issued to all persons over sixteen years of age whose names are included in the register are to contain particulars which, though differing slightly in the cases of South African citizens and aliens on the one hand and in the cases of Natives and White persons or Coloureds on the other, enable an individual's racial classification to be immediately determined.

The introduction of the Bill led to a stormy second-reading debate in which the Opposition characterized the Bill as a "Pass Bill" and fought hard to have it referred to a select committee before second reading largely on the grounds:

- (a) that a Select Committee in 1935 had reported against the establishment of a population register, *inter alia* because of its expense and its impracticability in South Africa owing to the vast expanse of territory and the shifting nature of the population;
- (b) that it provided generous scope for wielders of the poison pen;
- (c) that its major object was to admit of easy differentiation between the races.

The Government, while admitting that the establishment of a register was "the cornerstone of *apartheid*", adduced a large number of alleged financial and other advantages based upon later information supplied by officials of the Department of the Interior after extensive investigation overseas. In the result the Bill went to a select committee after second reading, from which it has now emerged with its essential provisions unchanged. It is difficult to believe that it would have been pressed so hard by the Government were it not for its obvious advantages in the furthering of *apartheid*.

The measures noticed above must be read in conjunction with a promise made in the Speech from the Throne that a Group Areas and Control of Fixed Property Bill will be introduced, the object of which appears to be to enforce residential segregation. How far steps in this direction will be taken, however, is uncertain at the moment, in view of a recent statement made by the Prime Minister when his Vote was under discussion, that despite the recommendations of the Conference of Dutch Reformed Churches, the findings of the S.A. *Buro Vir Rasseangeleenthede* and the views of at least one of his members, his party emphatically rejected *apartheid* in the form of total territorial separation, and described "Bantustan"** as an impracticable ideal.

Commonwealth Relations

A BILL to abolish Appeals to the Privy Council—virtually a dead letter in South Africa for more than fifteen years—was not opposed by the Opposition. The Government press, however, hailed it as an important step

* THE ROUND TABLE, No. 155, June 1949.

and the realization of a long-cherished ambition. This attitude is perhaps explicable when regard is had to the revival of the republican issue by the Prime Minister during the short Easter recess, in a speech in his own constituency. He there stated that in the light of what had already been achieved, if another step was to be taken towards "freedom" it would simply be the election of a President instead of the appointment of a Governor General. He later made it clear, however, that his party stood by its promises that the republican issue would not be made one of many issues in a general election, but that the people's decision would be sought purely on this question.

In the same debate a detailed historical review by the Prime Minister of negotiations between the Union and Britain since 1910 concerning the handing over of the Protectorates to the Union failed to evoke much enthusiasm but did reveal that a more advanced stage had been reached before the outbreak of war than was generally appreciated.* The proposed resumption of these negotiations at the point where they had been left off by General Hertzog in 1939 will undoubtedly receive Opposition support.

The Case of General Beyers

AT the time of writing political passions have reached a high intensity as a result of the circumstances surrounding the resignation of Lieut-General Beyers as Chief of the General Staff. This officer was recalled from retirement some sixteen months ago to assume the post of C.G.S. on the retirement of Sir Pierre van Ryneveld after General Poole had been shunted to Berlin. His resignation at the beginning of the session drew no explanation from the Minister of Defence (Hon. F. C. Erasmus, former Secretary of the Nationalist Party), but he promised to make a statement on the termination of this officer's service after a period of leave. This statement gave the root cause of disagreement between the Minister and the C.G.S. as being a difference of opinion as to which officers of the Union Defence Force should attend at the opening of Parliament. In due course Lieut-General Beyers, having left the service, issued a statement laying the following charges against the Minister:

- (a) That the Minister, without the knowledge of and without reference to the General Staff, sought to change the strategic disposition of units and to appoint, transfer and promote officers and other ranks;
- (b) That the Minister created posts to absorb persons in whom he reposed political confidence;
- (c) That he embarked on matters which struck at the very roots of military efficiency and discipline.

To these charges the Minister replied, in the course of a stormy debate, to the effect that he knew nothing about the strategic disposition of units; that technically he has the right to transfer, promote and appoint; and that General Beyers was at first unwilling to carry out his instructions with reference to the opening of Parliament.

* See also "A Trust in Africa", *THE ROUND TABLE*, No. 158, March 1950.

By Section 91 (4) of the Defence Act the correspondence cannot be revealed without the permission of the Minister. This he has refused to give on the grounds that it would not be in the public interest. As a result the public is left with the choice of accepting either the explanation of the Minister or that of the erstwhile Chief of the General Staff, and the Prime Minister does not seem disposed to take the matter any farther, despite existing public disquiet, not only on this issue, but also at the manner in which the former General Manager of Railways, Mr. Marshall Clark, was persuaded to resign his position and accept an executive position in the newly created Central African Transportation Board.

South Africa's Balance of Payments

THE past few months have seen a great improvement in South Africa's balance of payments. During the first half of 1949 a deficit of about £86 million was established in current transactions. Largely owing to the stringent measures of import control operative from July onwards, this deficit had not increased to more than £109 million by the end of the year. Despite an increase in purchases from the sterling area during the first half of 1949, while restrictions mainly affected buying from dollar sources, total imports during the year fell by some £37 million. This represented a rise of £20 million in sterling imports and a decline of £57 million in non-sterling imports as compared with the previous year, and meant an import total of £315 million, made up of £162 million from the sterling area and £153 million from the non-sterling areas.

To set against these imports were commodity exports of £149 million (an increase of £18 million), new gold valued at approximately £102 million, and a net import of private capital as large as £44 million. According to the Minister of Finance, the net premium on the sale of "industrial" gold was as much as £1,700,000. All this still left £65 million to be found; but the withdrawal of the £80 million gold loan to the United Kingdom and the drawing of the first instalment of the £10 million loan which was floated in London in November nevertheless permitted the replenishment of the South African Reserve Bank's gold and foreign exchange holdings to take place at a remarkable rate. Having fallen from £80,600,000 at the end of 1948 to £41 million in July 1949, they increased from a little over £41,400,000 at the end of August to over £104 million at the end of the year. During these months the ratio of the Bank's legal reserve to its liabilities mounted from under 30 per cent to 60 per cent. This increase is, of course, due in no small measure to the revaluation of its gold reserves at 248s. per oz.

Since devaluation in September 1949 the movement of capital from abroad has been resumed on an appreciable scale. According to the Association of Chambers of Commerce, the rate of inflow was some £8 million per month in October and November 1949, and subsequently even higher. The consequent easing of the balance-of-payments problem, as far as the sterling area is concerned, has permitted considerable relaxation of import controls, from which the Union is likely to receive full benefit as a result of the agreement with the United Kingdom reached at the end of January this year.

Under this agreement, "universal" import permits for essential imports may be used anywhere, and goods purchased under them will be paid for in gold. Thus, exporters in the United Kingdom or other parts of the sterling area whose prices may be expected, as a result of devaluation, to be more highly competitive with those of United States products, are to be allowed opportunities to compete to the full for supplying South Africa's essential import requirements. South Africa will again become a specially desirable export market for United Kingdom exporters, since exports to the Union can once more earn gold. At the same time, there will no longer be any need for the United Kingdom authorities to discourage the flow of capital into the Union, since it will no longer result merely in "unrequited exports" and in an inability to lay hands upon any South African gold.

/ Longer-term Prospects

A VERY informative pamphlet just issued by the Association of Chambers of Commerce of South Africa as *South African Business Stocktaking, 1950*, shows clearly, however, that this revival of capital imports is not a solution of our balance-of-payments difficulties.

In the first place, recent conditions of international trading would seem to have brought us round full circle to the classification of desirable and not so desirable trades which was propounded by an ingenious author almost exactly four centuries ago:

And now, because we are entred into communication of artificers, I will make devision of theim. Some of theim doe but bringe monie oute of the countrie; some other, that which they doe get, they spend againe in the countrie; and the third sorte of artificers be they that doe bring treasour into the counrie. . . . Thearfore, we must cherishe well the third sorte. . . .

In South Africa the gold-mining industry is, of course, the exporting industry *par excellence*. In so far as new capital flows into this industry, the prospects of achieving a satisfactory balance of payments on current account, in the long run, are enhanced. But secondary industry, the branch of the economy which has made the greatest strides in recent years, caters almost exclusively for the home market, though it still imports two-fifths of its total requirements of raw materials. The foreign exchange earned by its exports of manufactured goods is, in fact, only about a quarter of the foreign exchange which has to be found to pay for its imports of materials. Hence, so far, the expansion of secondary industry is often an aggravation rather than an alleviation of the balance-of-payments problem.

The difficulty is intensified by the fact that an increasing proportion of the national income is generated within the non-exporting sectors of the economy, including governmental services, while South African living standards demand an ample supply of imports to maintain them. Thus the memorandum of the Chamber of Commerce points out the uncomfortable paradox—which has also previously been put forward and commented on more than once in somewhat different terms in *THE ROUND TABLE*—that "increases in the national income . . . mean deterioration . . . in the country's

balance of payments". It is a paradox which, though it arises from different causes, will be easily understood by those who have studied the economic trends of the "welfare state" in Great Britain.

On all counts, then, the present easing of the worst stringencies of our balance-of-payments problems must not be taken to mean that we are already clear even of our worst difficulties. South Africa still has a real need for the import of capital for genuine purposes of development, and can still offer very genuine opportunities for productive investment. But if oversea capital is indirectly dissipated in avoiding the rigours of cutting our current-consumption coat to match our current-earnings cloth, we shall not be able to rely indefinitely on a surplus in the balance of payments on capital account to take care of a deficit on current account.

The Budget

IT is in the light of this, perhaps, that we should view Mr. Havenga's latest budget. On the face of it, this can best be described as an inoffensive budget, accompanied by a good deal of sound advice, and by too little indication that the Minister of Finance has been able to persuade his fellow Cabinet Ministers to accept his advice.

The original estimates of revenue for 1949-50 were just over £139,500,000. The revised estimates were given in the budget speech as £145,750,000, being an increase of £6,167,000, in which the main items were an increase of £9,600,000 in the yield of the various forms of income-tax against a decrease of £4,600,000 in the yield of customs and excise. Despite this big increase in revenue, Mr. Havenga expected the deficit originally budgeted for to be slightly exceeded, since additional expenditure on revenue account raised the total estimates for the year to £146,500,000. This deficit has not eventuated, for income-tax did even better than was expected, and unexpectedly large revenue collections were made just before the close of the financial year.

For the coming year, 1950-51, the estimates of expenditure have crept up to just under £149 million. On the existing basis of taxation, a net increase of £2,900,000 in total revenue is estimated. This would be made up of a large increase of £7,800,000 in income-tax from gold-mining companies, following devaluation, which would be offset to the extent of nearly £5 million by a decline in the yield from customs and in that from income-tax on individuals and non-mining companies, occasioned largely by the lower level of importations. To make good the consequent deficit the Minister proposes relatively small adjustments, such as an increase in postal, telegraph and telephone charges—for example, an increase of both the minimum inland letter rate of postage and of the cost of local telephone calls from 1½d. to 2d.

Other matters of greater importance than this were also contained in the budget. An additional duty of 3d. per gallon has been placed on petrol; but the proceeds will not pass to the Consolidated Revenue Fund. They will go to the Road Fund, while all revenue accruing to this fund in excess of £5 million per annum will be used to redeem existing loans, which at present amount to £16 million. Plans for the introduction of petrol rationing have, for the present, been abandoned. The mounting pressure of food subsidies

has also led to the abandonment of the twenty-year-old prohibition of the manufacture and sale of margarine. Mr. Havenga's announcement of the Government's intentions in this respect still indicates very clearly, however, the strength of the opposition by dairy-farming interests. Not only must the margarine share the pallid colour of lard; its production is to be curtailed or stopped forthwith if ever the Minister of Agriculture is satisfied that it threatens the markets of the dairy industry.

A review of the budget ought not to neglect all mention of the loan programme. During 1949-50 expenditure from loan funds reached the unprecedented height of £82 million and a reduction of the loan estimates to £56 million for 1950-51 is, on most counts, welcome. It seems almost ungracious that there was no mention of the newly formed National Finance Corporation in the budget speech. This brain-child of the Governor of the Reserve Bank, capitalized at £1 million, in a statement of its position at the end of January, showed that it had collected deposits totalling more than £45 million and held over £46 million in Union Treasury Bills or Union Government Stock. It has clearly become a mainstay of government borrowing.

In its main lines the budget follows an almost inevitable pattern. There are sufficiently strong indications and possibilities of business recession to cause any Finance Minister to deal as gently as possible with the taxpayer. Yet our balance-of-payments problems make it altogether too risky to attempt any of the fashionable—if somewhat untried—methods of using the budget to arrest a threatened decline in economic activity. There is, therefore, little point in criticizing the 1950-51 budget, even though it is as colourless as the promised margarine. Yet there is no doubt that the passage of time shows up, in an ever more unfavourable light, Mr. Havenga's first spendthrift budget of August 1948, which reversed the healthy "disinflationary" trend that Mr. Hofmeyr had already initiated.

The Financial Position of the South African Railways

If the few changes introduced by Mr. Havenga's budget came rather as a relief, those introduced by Mr. Sauer in the railway budget, a week later, came as a generally unpleasant shock. The final result for the financial year 1949-50 was estimated to leave a deficit of nearly £3,250,000, and a second general increase in fares and freight rates in successive years, this time of 10 per cent, has been imposed in order to cover a shortfall of £8,700,000 which otherwise would have been estimated to occur in 1950-51. The tariff for a number of foodstuffs, and for candles, soap and paraffin is not to be subject to this increase.

Undoubtedly the railways are in a very difficult position. In *THE ROUND TABLE* for December 1949* doubts were expressed whether another increase in railway rates could be long delayed. A sobering thought for this issue is that there seems to be no guarantee that the present surcharge will prove to be the last.

The Minister says that labour costs absorb 67.33 per cent of the total

* See *THE ROUND TABLE*, No. 157, December 1949, p. 99.

revenue which the railways earn, and that the average remuneration per unit of staff has increased by 98 per cent in the past ten years. Mr. Sauer, however, has done his best to ensure that no genuine attempt to secure economy of labour cost can ever be expected in a service liable to purge by Grievance Commission on complaint by the disaffected and disgruntled. Costs of material replacements have increased by as much as 128 per cent for Class 15F locomotives, and by as much as 366 per cent for uniform cloth; and no obvious savings are apparent here. And unfortunately, until much obsolete equipment has been replaced and new operating facilities have been created, increases of traffic will lead, not to diminishing, but to increasing unit costs.

In the circumstances, Mr. Sauer—who, like the Minister of Finance, seems to have acquired the habit of moralizing—might ponder on his own advice:

... it must once more be emphasized that the primary function of the Railways is the conveyance of traffic. If this fact is borne in mind, it will be realized that some of the facilities frequently sought by the public, although aimed at improved comforts, cannot be regarded as essential to our primary function. I would therefore appeal to the public to use the utmost discretion in submitting their demands, and more so demands which do not aim at increasing productivity, and thus revenue.

How much more ought the Cabinet, at a possibly critical juncture in our economy, to refrain from taxing the community upon its railway services, in order to provide facilities for enforcing a politically inspired, so-called *apartheid*, which the travelling public as a whole has never demanded, and which is regarded as an insulting discrimination by our non-European citizens!

South Africa,
May 1950.

NEW ZEALAND

THE NEW GOVERNMENT

A CHANGE of government is an unusual phenomenon in New Zealand politics; since 1890 it has happened on average (if we except the coalitions of 1915 and 1931) only once every fifteen years: the term of the late government was near to this average. Hence the close interest with which all sections of the community have followed the National Government's actions in its first few months of office.

Mr. Holland took office under conditions which were, superficially at least, far more favourable than those which confronted his predecessor in 1935. Record levels of export prices; domestic production, including primary production, greater than ever before in quantity and variety; "over-full" employment; the biggest Christmas shopping boom ever; a people which could afford to spend £23½ million in 1949 in legal bets on horse racing (to say nothing of the illegal betting with bookmakers); a budget surplus forecast for the current financial year—one could hardly ask for more; yet in addition the Government had a solid working majority in Parliament, and post mortems and second thoughts on the November election figures all agreed that this majority was due not merely to the rebellion of a few disgruntled Labour voters, as at first seemed possible, but to a uniform swing of opinion in every class of constituency in the country.

The new Government set vigorously about its task, beginning at the top with alterations in the working of the Cabinet itself. The Prime Minister, in recognition of his special co-ordinating responsibilities, shed some of the portfolios previously attached to his office—notably that of External Affairs—but took unto himself the heavy task of Finance. Opportunity was taken to re-group some other portfolios on a more logical basis than before. Three Ministers without portfolio and three Parliamentary Under-secretaries (a device hitherto not freely used in the Dominions,* mainly because of the small membership of their Parliaments) have been appointed to assist the Prime Minister and other senior Ministers. The spending authority (within parliamentary appropriations) of individual Ministers was increased, and a return was made to the practice of the Labour Prime Minister, Mr. Savage, of circulating full agenda and documentation before each Cabinet meeting, and keeping systematic record of Cabinet decisions.

Financial 'Report to the Nation'

THE Government's next step was to look into the financial condition of State activities as a whole, and its findings, after seven weeks, suggested a revision, so far as public finance was concerned, of the optimistic assurance given in the valedictory financial statement of the outgoing Minister of Finance, Mr. Nash, that "the public finances as well as the whole economy

* The Savage and Fraser Governments made a limited use of it.

of New Zealand are in very good condition". Mr. Holland's statement on February 1 was somewhat over-dramatic in form, and has had to be qualified in several respects since then. For example, he said that figures supplied by the Treasury indicated that, at a time of record returns for exports, the estimated deficit on the oversea balance of payments for the calendar year 1950 would be between £10 million and £15 million, following deficits of £7 million in 1948 and £4½ million in 1949. He has since revised the 1950 estimate of £2 million to £5 million. He then drew attention to the decline in New Zealand's sterling funds and said that this year they might fall to a level "below the minimum required in normal circumstances". Mr. Holland cited some of the reasons for this. One was Mr. Nash's substantial repayments of New Zealand's external debt, dictated by Labour's desire to reduce the country's dependence on the London money market. Another was the drain on oversea funds for increased government imports, estimated at £29 million in 1950 compared with £14 million in 1948, mainly for purposes of a huge capital expenditure programme. This public-works programme, said the statement, as planned by the previous government for the next seven years would cost £368 million, including £92 million of sterling funds. Of this statement on sterling balances it must be said that "the minimum required in normal circumstances" has little meaning in view of natural fluctuations throughout the year. Moreover it could be held that war-time conditions had brought the balances to "abnormally" high levels, and that extra heavy imports for capital works postponed during the war constituted a legitimate use of these funds in the post-war period.

A third cause of the drain on London funds in Mr. Holland's view, and this was also the chief general ground of his criticism, was the effect of internal inflation on the demand for imports. By the creation of Reserve Bank credit the Government, said Mr. Holland, was spending very much more than it was raising from the people by taxation and borrowing combined. For example, the works programme for the current year included £38 million of loan moneys, £14 million of which was to be raised by created credit from the Reserve Bank. Taking the budget as a whole, Mr. Holland asserted that the small surplus estimated by Mr. Nash for 1949-50 was to have been achieved by the issue of £26 million of Reserve Bank credit. Present figures showed that government revenue from taxes and ordinary loans was likely to fall short of budgeted expenditure by £29 million. Parliament will be asked to repeal the Finance Minister's statutory power to give policy directions to the Reserve Bank. Mr. Holland also deplored the proportions attained by what he called the "pernicious subsidy system".

The gravamen of Mr. Holland's charges, then, was that at a time of great prosperity, instead of husbanding resources for a rainy day, the country had been spending internally and externally more than it was earning, and covering the gap by the issue of paper money that reduced the value of the people's earnings.

In his reply to these charges Mr. Nash raised one point that also occurred to independent observers, namely, the surprising failure of the National party to point out these facts before the election, when, on the contrary, Mr. Holland

had actually accused the Labour Finance Minister of "concealing a real surplus of £14 million". Undoubtedly the new interpretation of the financial situation has important implications for some of the present Government's election promises, and this has been frankly acknowledged. Obviously any substantial reductions in taxation, any early relaxation of import controls, any notable alleviation of the rise in the cost of living are out of the question for the time being. Even the projected release of price and land sales from control is hardly consistent with the Government's expressed concern about inflationary tendencies. At the same time Mr. Holland and his colleagues will have cause for some hesitation before undertaking taxation relief by way of lifting subsidies, the bulk of which perform the electorally significant function of holding down the home-consumption price of commodities like bread, butter, milk, eggs, tea, woollen goods, and coal, as well as of railway services.

Apart from making these points Mr. Nash in his reply to the Prime Minister contented himself with pointing out the socially beneficial purposes to which his Government's heavy expenditure had been devoted, and with the claim that the amount of credit provided by the Reserve Bank for war and post-war purposes "compares favourably with that of all other English-speaking countries".

Since then Mr. W. S. Goosman, Minister of Railways, Aviation and Works, has issued statements underlining the heavy subsidies involved in the present financing of the state railways and the National Airways Corporation—both government transport monopolies. Mr. Goosman hinted at increased charges for these and at curtailment of currently planned public works programmes. Post Office finances, too, are being examined for the reasons why this traditionally paying service has recently showed signs of going into the red.

The stage has thus been set for an economy drive throughout the whole range of government expenditures, and a Cabinet sub-committee has been charged with this responsibility.

The Fate of 'Controls'

M R. HOLLAND'S "report to the nation" evoked one common response both from Opposition leaders and from some newspapers which otherwise support the Government: "Why doesn't he call Parliament together?" The Government has prorogued Parliament till June 8, and comparisons have been made with the earlier meetings of the more recently elected British and Australian Parliaments, and with New Zealand Labour's meeting of Parliament only four months after the 1935 election. However, there are arguments on the other side, chiefly perhaps Mr. Holland's wish that a batch of well-prepared measures may be ready when Parliament does meet.

Meanwhile there have been indications that in its inexperience of office the Government is only slowly learning to make adequate use of its official advisers. In view of the awkward administrative repercussions of the abolition of cream rationing at Christmas time, it is questionable whether the departments and other authorities concerned were given an opportunity to plan the operation beforehand. Similarly embarrassing was a pre-Christmas announce-

ment about future sales-tax removal (see below), which froze demand for the items mentioned just at the peak selling season. The ministerial promise of an increased government price to growers in the hope of increasing wheat acreage and production brought forth a public protest from Mr. F. P. Walsh, of the Economic Stabilization Commission, at the by-passing of expert advice on the implications of this step for stabilization. Economists also are worried about its secondary effects on other branches of the country's rural economy. And the Government's hint that, under its proposed amendments to the Servicemen's Settlement and Land Sales Act, valuations of farm property will be authorized to be based on "current values", smacks more of a political than an expert decision. As one newspaper remarked, a man forced to buy land on the basis of to-day's wool values might have difficulty in winning a living from his land on future values. The Government's policy on this matter is causing concern to organizations of ex-servicemen who are among the chief beneficiaries of the present legislation. Some precipitancy was also indicated in the ministerial announcements towards the end of February on various aspects of housing policy. Up to the time of this report inquirers at the appropriate government departments could not be dealt with because the officials had neither policy directions nor administrative instructions for carrying out the schemes. The announcements concerned granting the right of purchase to tenants of State houses; fixing the maximum cost of homes for the building of which "suspensory loans"** would be available at £2,000 (a figure which, in the opinion of one newspaper correspondent, at present costs would make the loan plan inoperative or would "put a premium on dolls' houses"); and making government-owned housing lots available for sale. In a further statement on April 1 the Minister in charge said that in future State houses would be let only to persons earning not more than £520 per annum on entry; and that rents for new tenancies would be increased by 5s. to 15s. a week.

The abolition of controls over property sales, "other than farm land", as from February 23, freed the great bulk of real-property transactions from the provisions of the Land Sales Act. The result so far has been an increased flow of properties on to the market. In an attempt to establish "natural" price levels, most of the sales have been made at auction, and most properties have brought prices well above the level of comparable "land sales valuations", which had been pegged at December 1942 levels. The Government has stated its intention of making cautious amendments to the Tenancy Act, and has denied suggestions that it would not proceed with existing plans to build more State rental houses. Owing to lack of materials and labour it will be difficult to relax building controls in the near future for other than housing construction.

The process of removing price controls begun by the Labour Government has been continued. On March 10 over 100 items were freed from price control, including some kitchen goods, haberdashery, some industrial and

* The National Party's election promises included loans for home-building, of which up to £200 was to be interest-free and to be cancelled when the borrower had occupied the home for eight years.

stationery lines, professional fees and commercial printing charges. Fish and oats have been the only food items released from control, but next season's potato crop will be free. Sales tax has been removed from some household labour-saving devices and their components.

Only a few weeks after taking office Mr. Holland emphasized that "it would be utterly impossible in the present circumstances to remove import licensing completely", and this indeed was an understatement. In this field, therefore, interest centres chiefly on the form, functions, and powers of the "board of trade" for which the Government proposes to legislate as soon as possible. In 1946 the National Party's election manifesto envisaged a board with executive powers, but in 1949 advisory powers only were suggested. It was to be "free from political control", and was to advise on all tariff questions, on the allocation of oversea funds, the simplification of the import-licence system while control remains necessary, the maintenance of full employment, and the general development of sound manufacturing and processing industries. So far nothing more is known of the Government's intentions, but importers, manufacturers, and Chambers of Commerce are said to be engaged in drawing up recommendations on the scope and administrative details of the proposed board. Meanwhile the Government proposes to set up in April an interim committee of three, one from manufacturing, one from commerce, and one with public service and broad economic experience, to handle urgent aspects of import control, to advise the Government on overhauling the present system, to recommend the grouping of tariff items, and to make a list of goods that can be exempted altogether from import control. The chief demand which has come from business, for example, at the annual conference of the Associated Chambers of Commerce in March, has been for a change from itemized control of the commodities purchased by each importer to allocation of funds, at least in the sterling area, without restriction on the way in which they are used. It is generally recognized that overall increases in the value of goods imported cannot be permitted at present, and indeed the total licence allocations for 1950 may well result in an import record, as did those of the previous year.

Other Policies

OME uneasiness has been expressed in Labour quarters about the Government's intentions in the field of social security. This was caused partly by the new Government's general emphasis on economy, and partly by the speech of the Minister of Social Security (Mr. Watts) at the I.L.O. Conference on social security held in Wellington in February, in which he praised our system with faint damns. However, the Prime Minister has denied any intention of tampering with benefits. There is no question that the form of administration adopted here (largely under pressure from the medical profession) has worked extravagantly, and requires a thorough overhaul. Some attempt was made by the profession two years ago to set its own house in order by creating special disciplinary committees to investigate any abuses of the system by members. These committees were given statutory recognition last year, and the new Minister has taken power by regulation to withhold

social-security refunds from an offending practitioner on the recommendation of the Medical Council or a disciplinary committee. This is one of a number of measures being taken to tighten up the administration particularly of medical and pharmaceutical benefits.

Colombo and Defence

APART from its ultimate practical implications, which have not yet crystallized, the Colombo Conference held two important potentialities for New Zealand. In the first place, it gave rise to faint indications that external affairs might at last become a matter of public interest in this country. Our External Affairs Department and its Ministers have until comparatively recently been even more reticent on matters of foreign policy than the British Foreign Office traditionally was. There were understandable if not good reasons for this, notably our habitual reliance on British decisions in this field (so that public discussions of foreign affairs here almost seemed like impudent interference in Britain's business), and our unduly protracted conviction that the focus of international politics lay in Europe anyway. The Labour Government showed signs of an independent outlook; and under its auspices the Department unbent so far as to begin publishing two useful series of papers and documents on external affairs. The new Minister of External Affairs has continued this trend on the occasion of the Colombo meeting. Before leaving he made a public statement surveying the salient problems that were likely to be discussed at the Conference, and broadly indicating his Government's attitude toward some of them. And immediately after his return he made a broadcast reviewing the work of the Conference and calling public attention to the vital import for New Zealand of the issues debated there. It is much to be hoped that this good beginning will be followed up by a readiness to state and debate in Parliament the Government's views on the chief issues of foreign policy, after the example so admirably set by both Labour and Liberal Governments in Australia during the past decade.

Mr. Doidge's broadcast brought out the second significant lesson of Colombo, namely, the certainty that the focal point of world politics has shifted towards us, and that New Zealanders must begin to realize the dependence of their own fate upon what happens in Asia. Giving first attention in his address to the southward spread of communist influence there, the Minister insisted that the time was short in which we had to understand and prepare to meet these changes. On his way back from the conference he made an official call on the new Government of Indonesia. Many commentators here have underlined the importance of establishing practical political and economic relations with Indonesia.

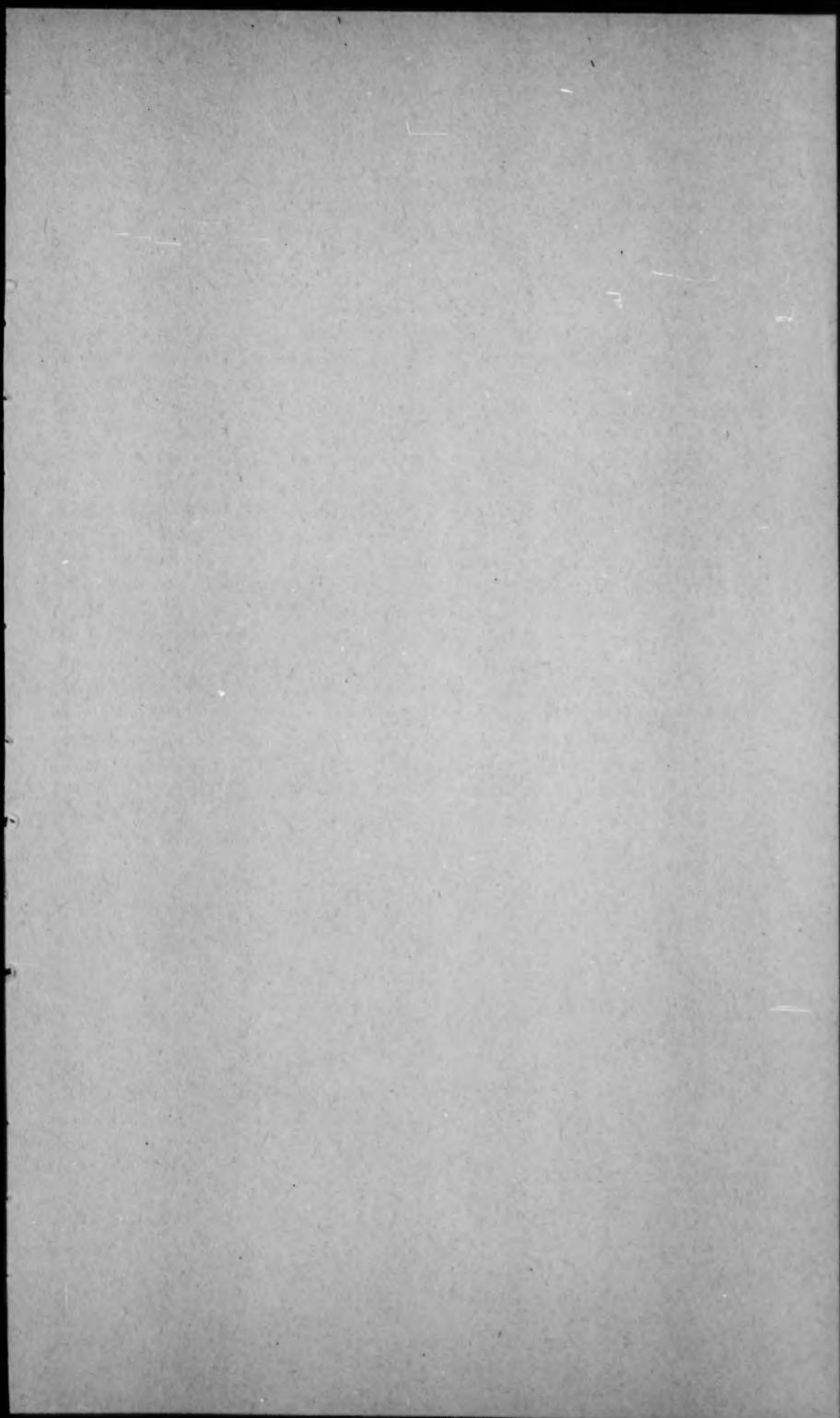
At Colombo Mr. Doidge was apparently alone in strongly supporting the idea of a Pacific Pact on the model of the North Atlantic Treaty. On realizing its present difficulties, he readily swung in behind the alternative "Spender plan", which led to the most important decision, for us, of the conference: that Commonwealth countries should co-operate in practical measures for the economic development and the raising of living standards in South and South-east Asia.

Shortly after the harmonious discussions at Colombo, New Zealand was the scene of a very different gathering—the Empire Games at Auckland—whose success in its own way re-emphasized the intangible yet enduring character of the Empire and Commonwealth association.

Our closer relations with Australia will obviously not be impaired by the results of the latest general elections in both countries, and the development of this tie has been signalized during the quarter by exploratory talks on the development of further trans-Tasman commercial air services, by successful joint naval manœuvres held in New Zealand waters, and by the possibility of the adoption in Australia, as recently in New Zealand, of the principle of compulsory military training. Details of New Zealand's military training scheme have now been published. The Director of Employment, who controls the remnants of the war-time National Service Department, will deal with applications for enlistment, registration, medical examination (on the "Pulheems" system), and call-up for training, and postponement of service up to a maximum of twelve months. Applications for longer postponement will be dealt with by seventeen regional Military Service Postponement Committees. Exemptions on conscientious grounds will be decided by a single Conscientious Objection Committee for the whole country. No appeal lies from the decisions of these authorities.

The Minister of Defence has stated that unnecessary distinctions between the Regular and Territorial forces in New Zealand will be swept away, and that the term "New Zealand Military Forces" will be replaced in future by "New Zealand Army". As a development of the one-Army concept it is proposed to appoint some Regular officers of all ranks to commands in Territorial units. Similarly, Territorial officers are being given staff appointment in all grades. Regulars and Territorials are now posted to the same corps and wear the same uniform.

New Zealand,
May 1950.



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